



# Challenges in Medicare Advantage Rates and the CMS 5 Star System after Healthcare Reform

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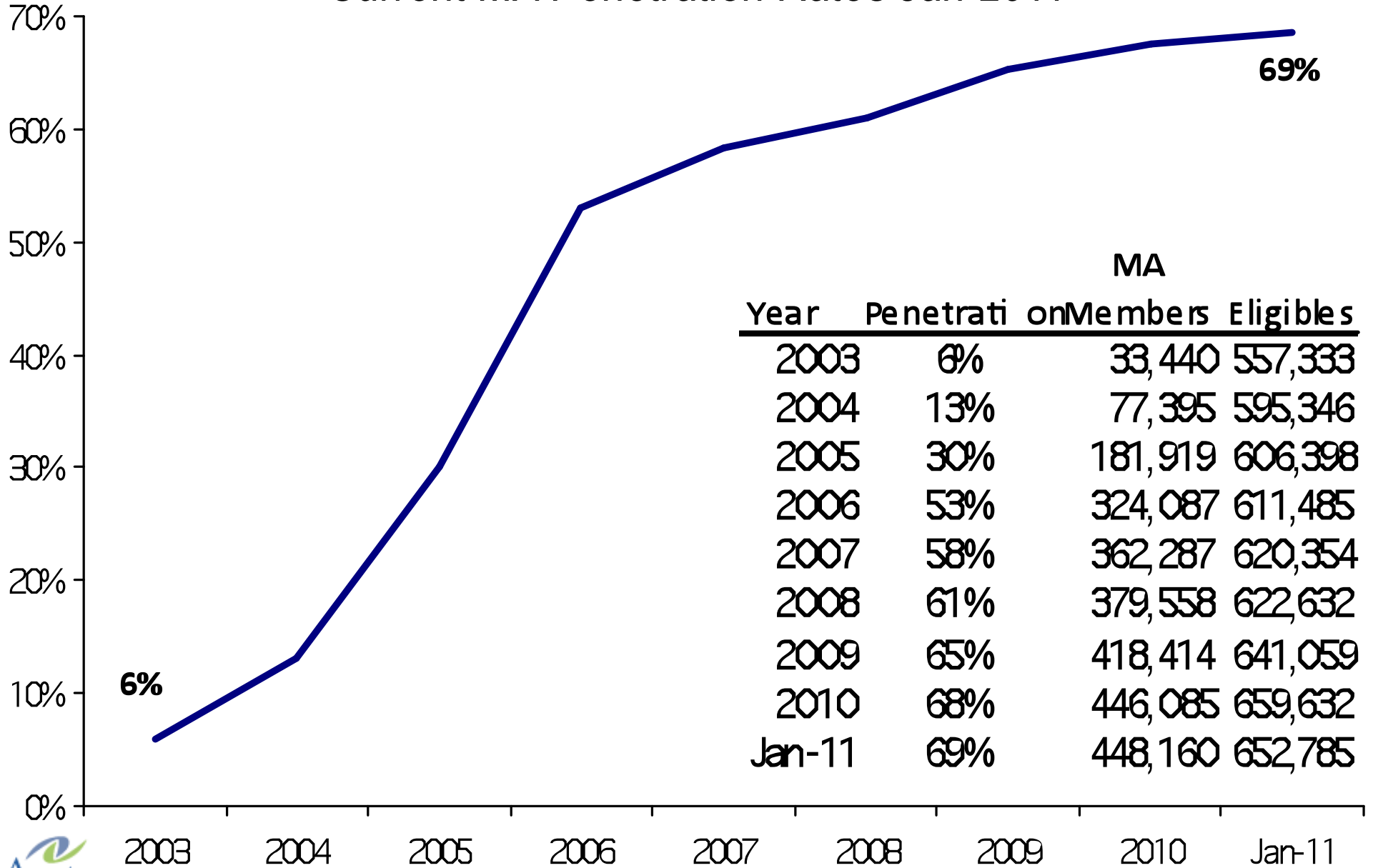
# Goals For Today

- What is Medicare Advantage Today?
- What will Medicare Advantage Look Like Tomorrow?
- How will the CMS Star Program Improve Healthcare in Puerto Rico?

# Medicare Advantage Today 2011

# Medicare Advantage Continues to Grow in Puerto Rico

Current MA Penetration Rates Jan 2011



# The Challenges of Delivering Healthcare in Puerto Rico

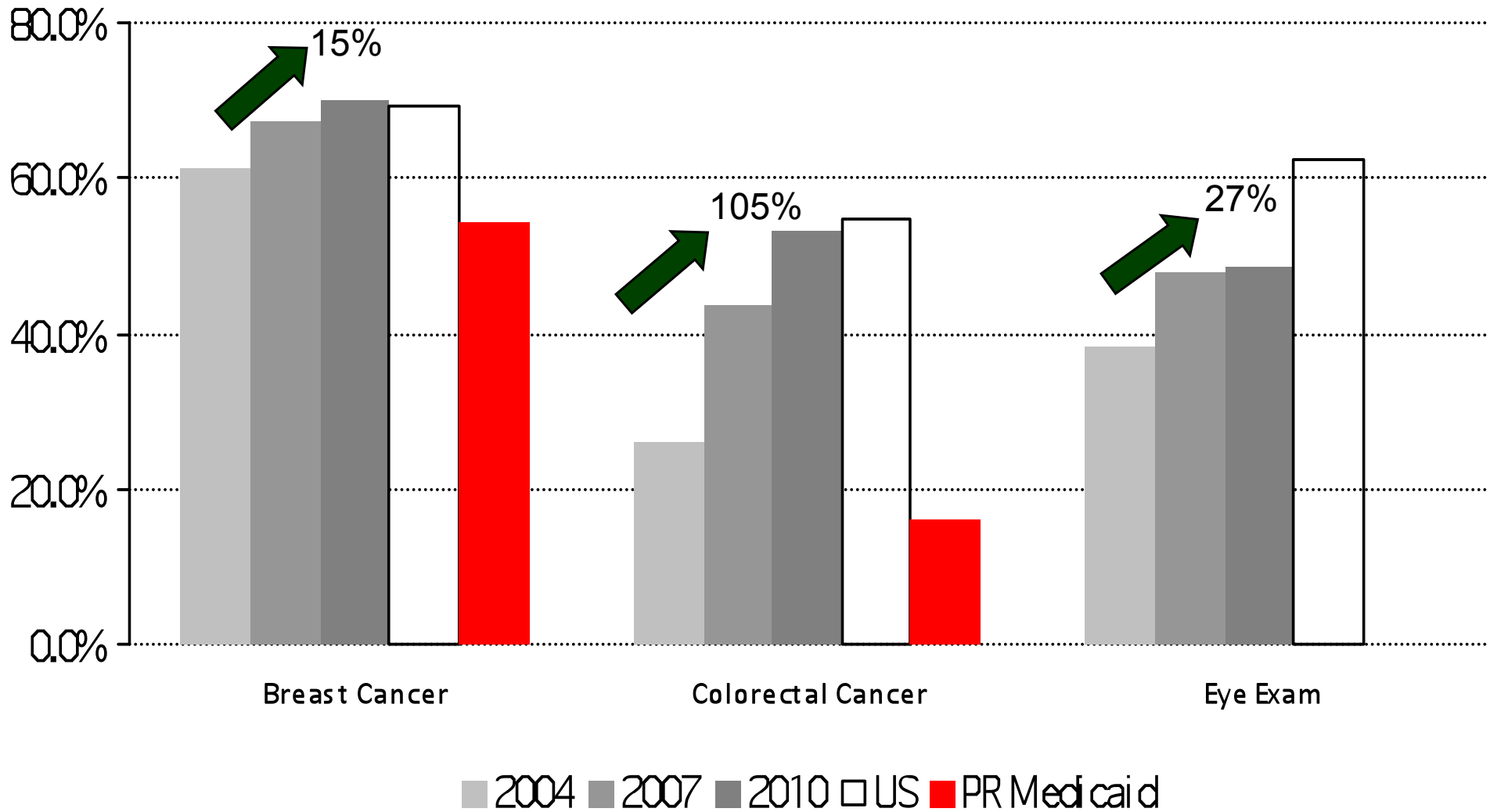


# Health Status of Puerto Rico 2006

- High frequency of chronic conditions versus U.S.
- *Low levels of testing and screening*
- *High behavioral risk factors*

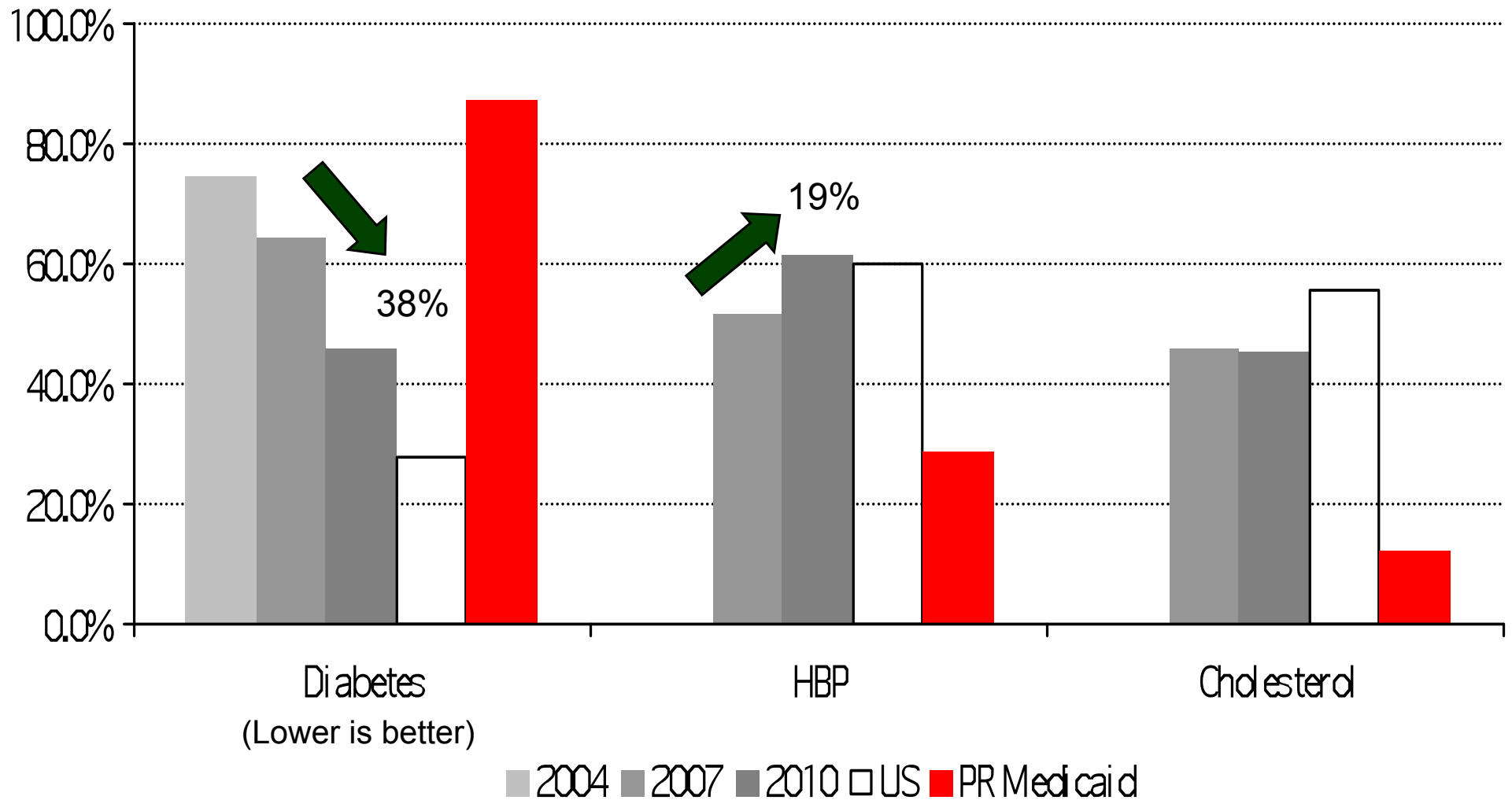
	Comparison to U.S.
<b>Chronic Disease and HIV Incidence</b>	
Asthma (Adult Cases)	1 <sup>st</sup> of 52
Diabetes	2 <sup>nd</sup> of 52
High Blood Pressure	16 <sup>th</sup> of 54
<b>Personal Health Management</b>	
Mammogram Testing	39 <sup>th</sup> of 52
Flu Shot	Last of 52
Colonoscopy Testing	Last of 52
Colorectal Cancer Screening	Last of 52
<b>Personal Health Behavior</b>	
Physical Exercise	Last of 52
Fruit & Vegetable Consumption	Last of 54
Overweight	4 <sup>th</sup>

# Positive Effects of MA Program on Screening and Early Detection of Disease





# Positive Effects of MA Program on Management of Chronic Diseases





# The Success of MA in Puerto Rico



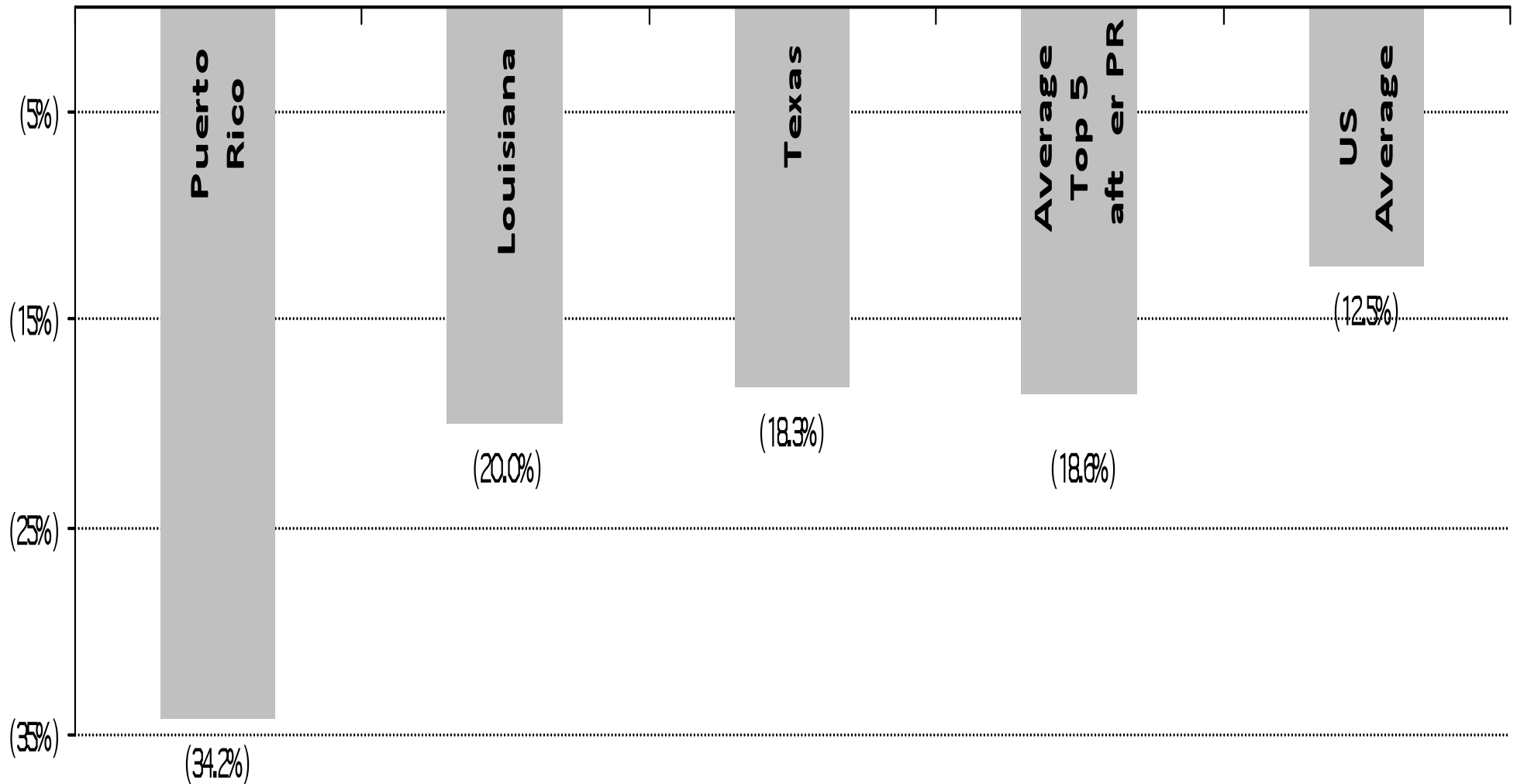
# Medicare Advantage Under Healthcare Reform

# The Potential Impact of the Affordable Care Act to Puerto Rico

## *“Doing More With Less”*

- Fee-For-Service Phase-In (115% of FFS)
- Medical Loss Ratio Floor (85% Floor)
- Quality Incentives “The 5 Star Program”
  - 5% additional bonuses
- Redefining Part D
- MA Rates will be Frozen and then Adjusted Downward

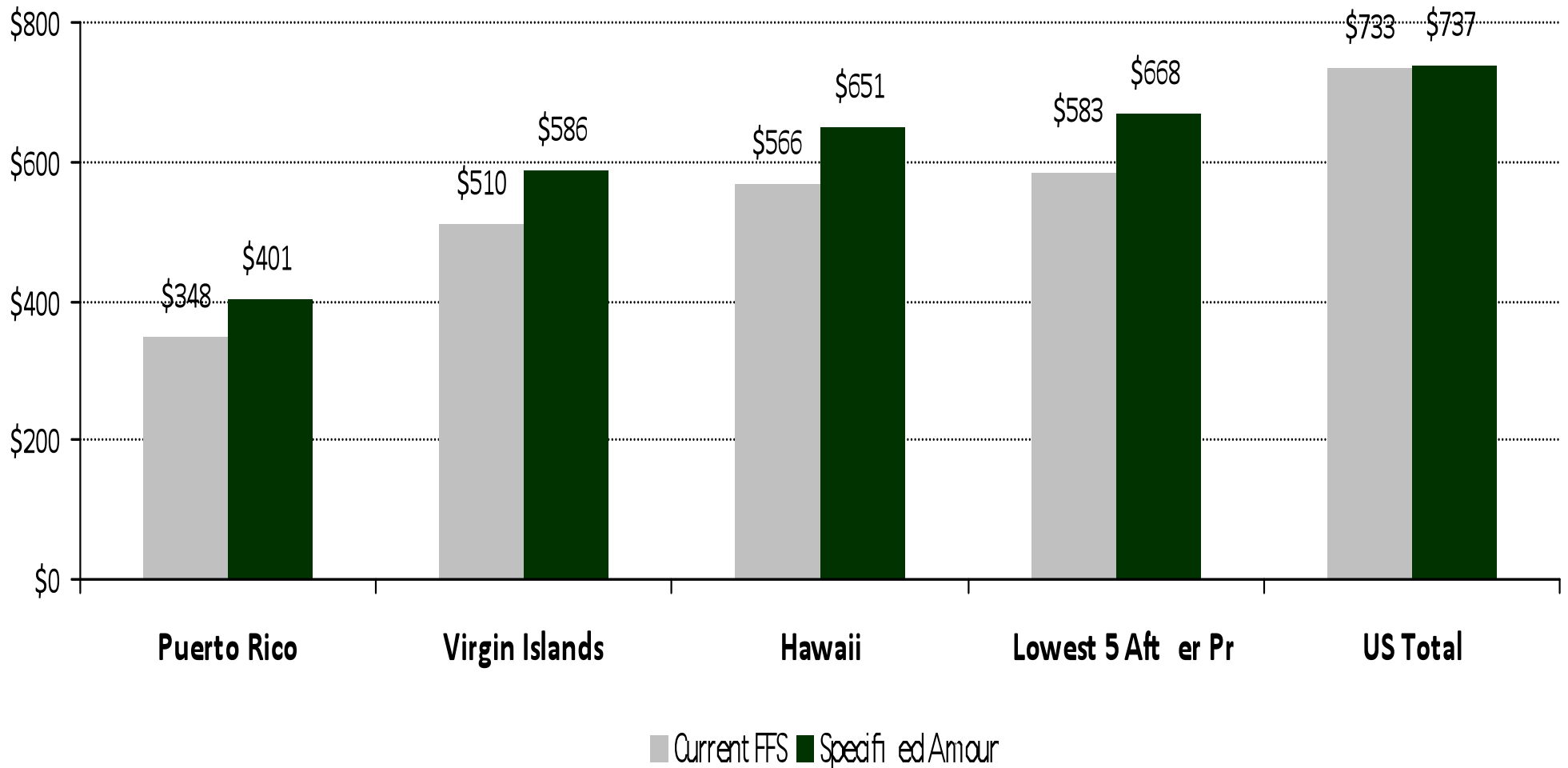
# Impact of Healthcare Reform: Comparison of Rate Cuts Across US



## Payment Rates

Current MA	\$608.64	\$1,007.50	\$960.32	\$952.41	\$842.14
New Rate	\$400.74	\$805.55	\$784.43	\$774.84	\$736.55

# Impact of Healthcare Reform: Comparison of FFS Estimates by State



# How Will These Cuts Potentially Impact Healthcare in PR?

- \$1.0 Billion of Annual Premium Cuts
  - 34% cut to current MA payment rates
- Effect on Beneficiaries
  - Significant reduction in benefits
  - Decreased quality and access
  - Shift from MA to Medicare FFS
  - Increased disease burden due to lack of care
  - Regression of Health Standards of Care
- Continued Flight of Current & Future Healthcare Providers
- Plans May Exit Dual Eligible Products



# CMS Star Program



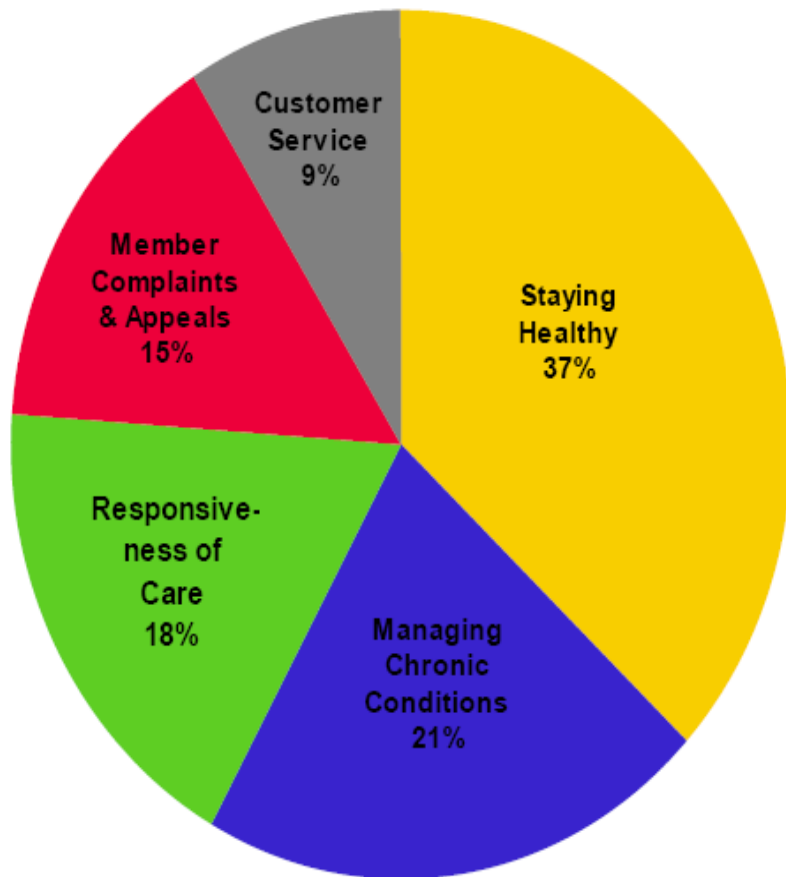
# Why is Medicare Advantage Creating the Star Program?

- Eliminate All Extra Payment Programs to Health Plans
- Create an Incentive Program to Improve Benefits and Quality of Care for Beneficiaries
- Develop a Program to Rank Medicare Plans Based on Service, Care and Benefits

# What is the Star Program?

- The “New” Risk Adjustment Strategy
- High Performing Health Plans (5 Stars) Can Earn the Following:
  - An additional 5% of their revenue
  - Accelerated payments
  - 12 months of marketing
- Demonstration Project
  - Rules are still in flux
  - 2011 processes - 2012 Data - 2013 Ranking - 2014 Revenue
  - Phased in over 3 years starting in 2011

## Star Rating Components



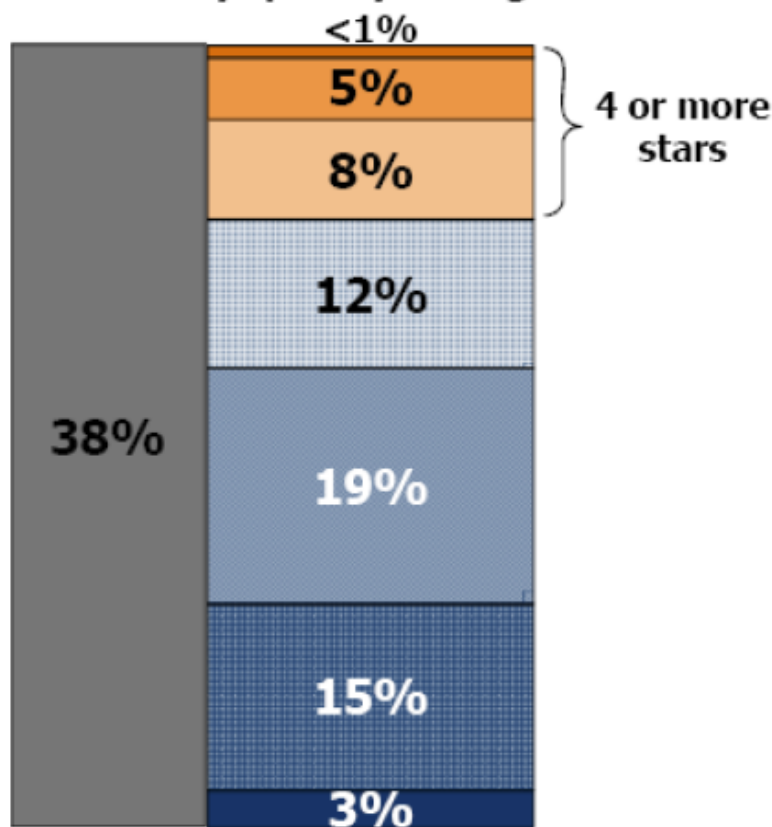
## Star Sources of Data

Source	Part C	Part D
HEDIS	14	0
CAHPS	8	3
Health Outcomes Survey	6	0
Other	8	16
<b>Total</b>	<b>36</b>	<b>19</b>

# Competitive Landscaping

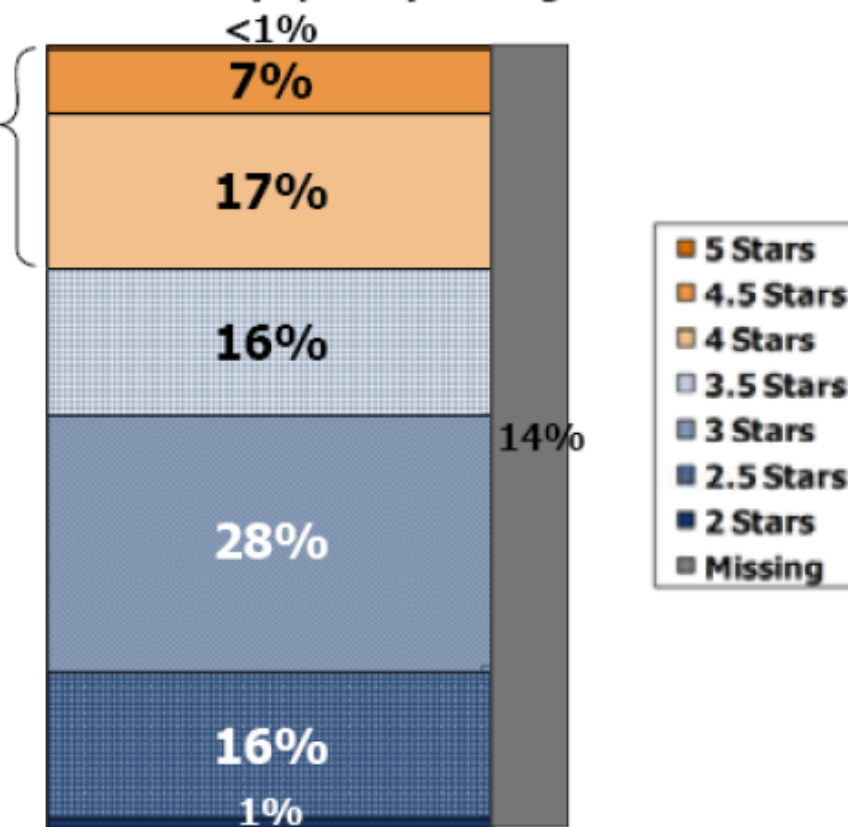
## One in four Medicare Advantage enrollees are covered by contracts rated 4 stars or better, 2010

Distribution of Medicare Advantage *contracts* by quality ratings:



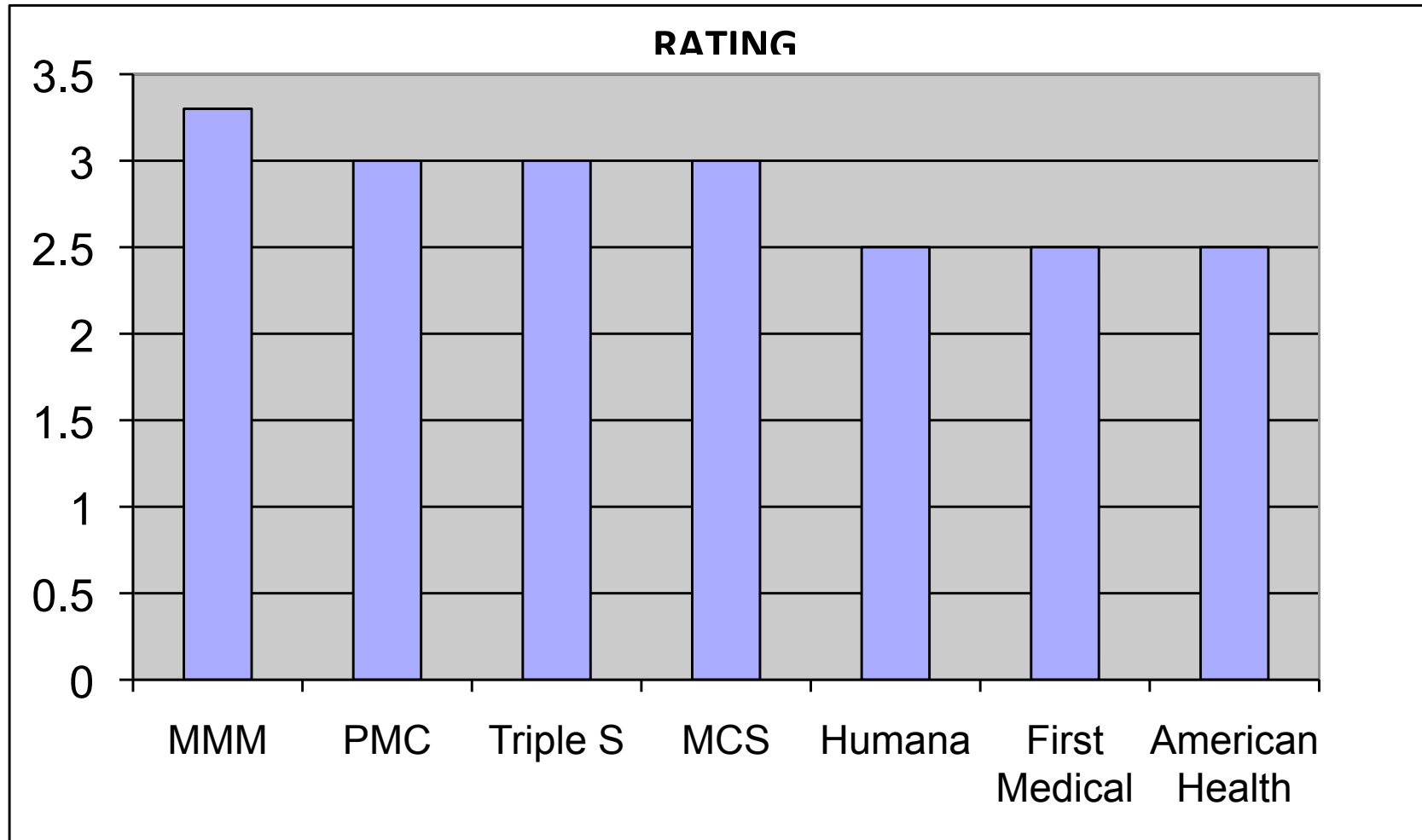
Total Number of Contracts = 573  
Number of Rated Contracts = 356

Distribution of Medicare Advantage *enrollees* by quality ratings:



Total Enrollment = 11.0 million  
Total Enrollment in Rated Contracts = 9.5 million

# Puerto Rico Results



**\*Average Plan Rating - 3.27 stars**

# Conclusion

# So What's the Forecast for MA in Puerto Rico?



# Hurricane Watch with Heavy Storms



# Hurricane Watch with Heavy Storms

- Healthcare Reform will reset healthcare economics
- Affordable Care Act (ACA) is planning significant MA reductions to Puerto Rico
- The Federal Government will implement many new programs to improve the quality of healthcare
- The Puerto Rican Government will develop programs to improve the delivery of healthcare
- The Government, the health plans and consumer groups are fighting to improve Medicare Advantage revenue to Puerto Rico

# Followed by Clear and Sunny Skies



## Followed by Clear and Sunny Skies

- The Healthcare Delivery will be:
  - More Efficient
    - Technology
    - Health information systems (EMR, E-prescribing)
    - Hospital/provider/health plan ventures
  - Cost Less
    - Preferred networks
    - Medical management
    - Part D
  - Higher Quality
    - Prevention and wellness
    - Lifestyle
    - Improved patient experience



# Celebrando a nuestros más de 150 centenarios

