



The Puerto Rico Chamber of Commerce  
and El Nuevo Día present:



PUERTO RICO  
**Health & Insurance**  
CONFERENCE 2019

**Medicare Advantage & Part D: The CMS Perspective**  
**Cheri Rice**





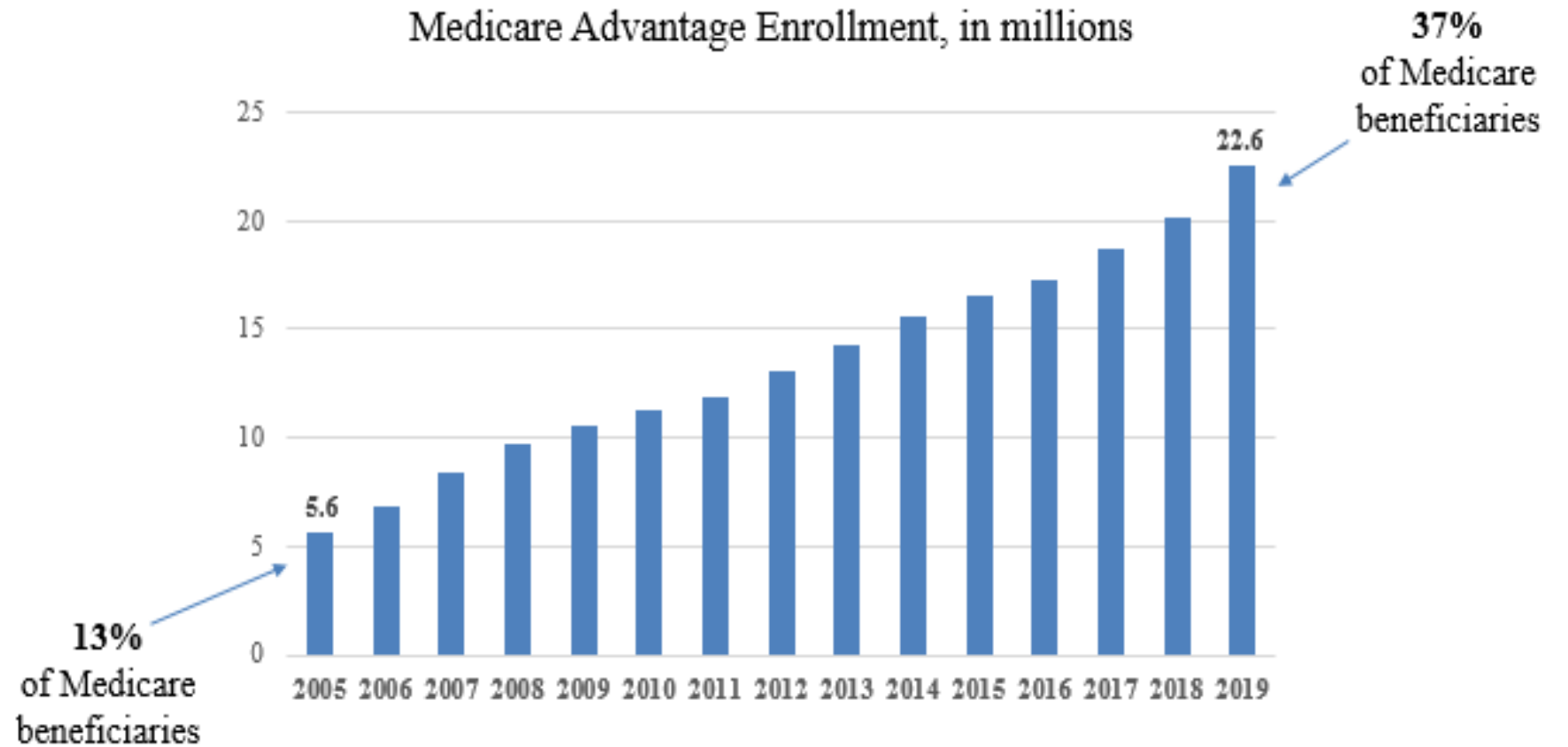
# Puerto Rico Health & Insurance Conference 2019

- **Medicare Advantage in Puerto Rico**
  - Enrollment
  - Plan Choices
  - Affordability
  - Benefits
  - Quality
  - Payment
- **Looking Ahead: Priorities for Medicare Advantage and Part D**
  - Unleashing Innovation
  - Reduce Drug Prices and Out-of-Pocket Costs

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Medicare Advantage is increasingly popular choice for Medicare beneficiaries

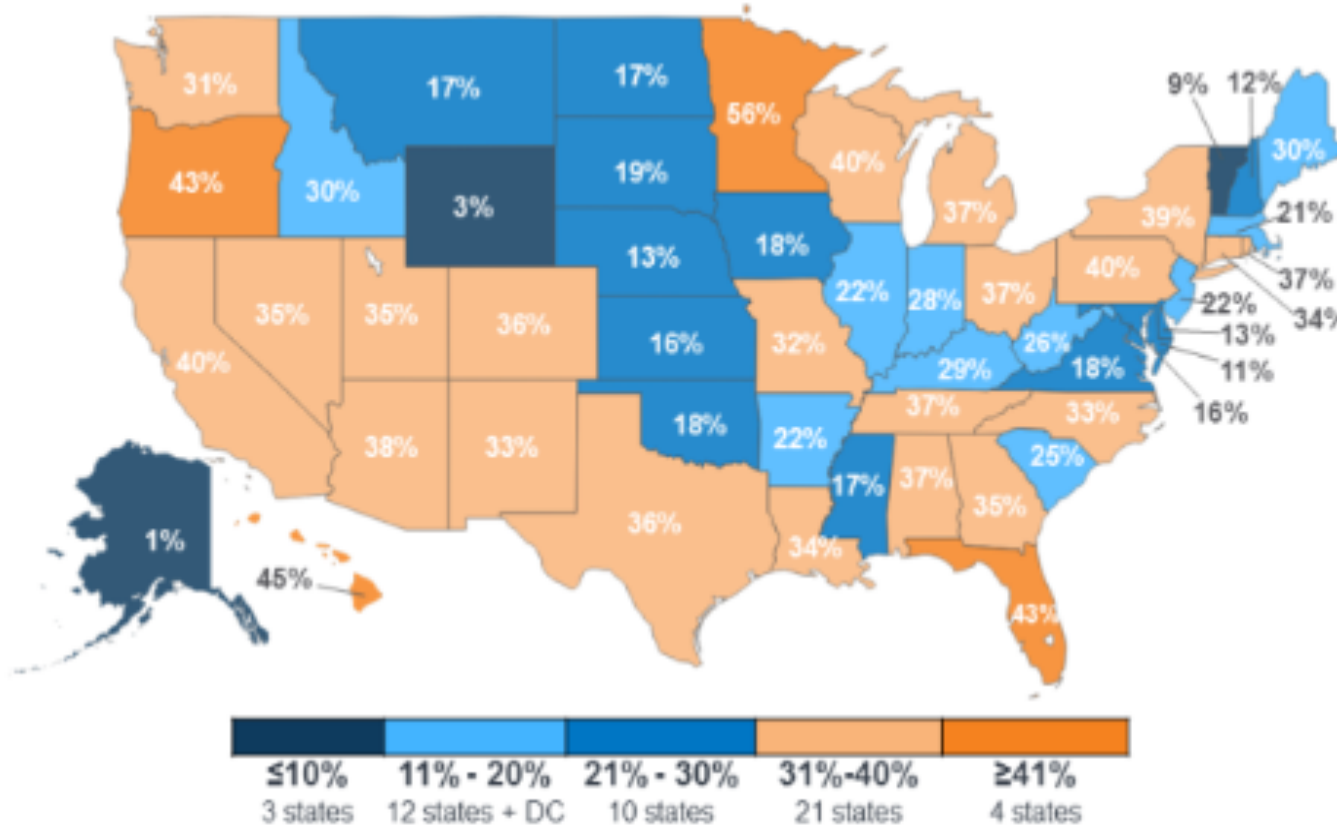
Total program enrollment projected to reach all-time high in 2019



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## Medicare Advantage Penetration, by State, 2018

National Average, 2018 = 34%



NOTE: Includes cost plans, which comprise the majority of enrollment in MN, ND, and SD, as well as other Medicare Advantage plans. Excludes beneficiaries with unknown county addresses.

SOURCE: Kaiser Family Foundation analysis of CMS State/County Market Penetration Files, 2018.

### Medicare Advantage in Puerto Rico

- **Enrollment** 75% of Medicare beneficiaries in MA – highest proportion of any state or territory
- **Lots of Plan Choices** Beneficiaries can choose from over 50 plan benefit offerings (up 20% from 2018)
- **Affordable Premiums** All but 6 plans have a zero premium
- **Enhanced Benefits** Coverage for benefits not covered in Original Medicare including dental, vision, hearing and caps on annual total out-of-pocket costs

### Medicare Advantage Quality Ratings

- CMS measures performance of Medicare Advantage plans using a 5-star quality rating system
- The ratings measure plan quality in the following areas:

#### **Staying healthy**

Whether members got various screening tests, vaccines, and other check-ups to help them stay healthy.

#### **Managing chronic conditions**

How often members with certain conditions got recommended tests and treatments to help manage their conditions.

#### **Member experience**

Member satisfaction with the plan and how often members had problems with the plan.

#### **Customer service**

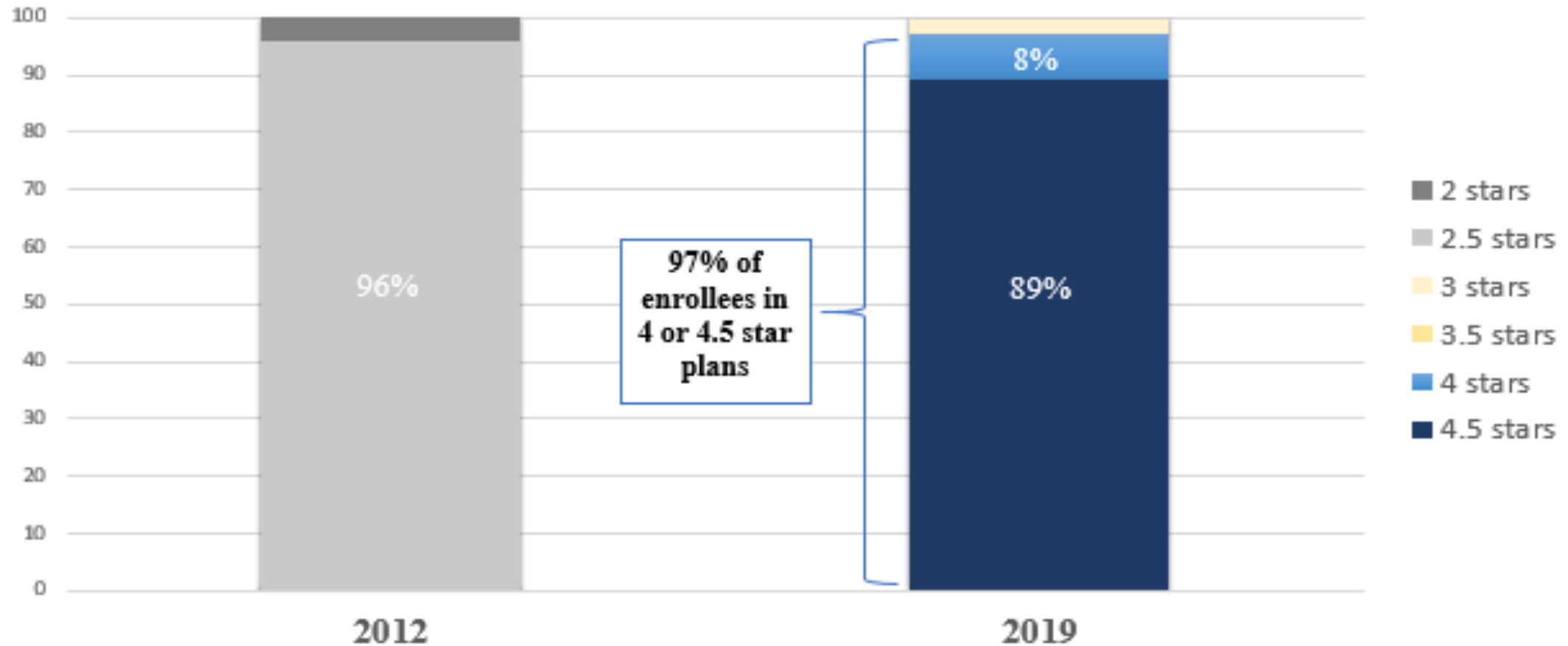
How well the plan handles member calls and questions.

#### **Drug safety & price accuracy**

Accuracy of drug pricing information and how often members are prescribed drugs in a way that is safer and clinically recommended for their condition.

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### Significant Improvement in Quality Star Ratings for MA Plans in Puerto Rico



*Distribution of Enrollees by Plan Star Rating*

### Medicare Advantage Payment in Puerto Rico

- Beginning in 2011, Affordable Care Act changes put downward pressure on payments to plans in Puerto Rico – particularly for supplemental benefits
- CMS has adopted payment policies that have supported Medicare Advantage in Puerto Rico
  - Rates based on experience of beneficiaries with both Parts A&B coverage
  - Zero claimant adjustment
  - Double quality bonuses
  - Socio-economic adjustments for star ratings
  - Changes to payments for FFS Medicare providers in Puerto Rico (e.g., increase in physician fee schedule) which flow through to MA rates
  - Re-tooling risk adjustment methodology which increased payments for duals
- Combination of these policy changes and star rating improvements has driven 67% increase in payments for MA supplemental benefits since 2017

### **Looking Ahead: Priorities for Medicare Advantage and Part D**

- Unleashing Innovation
  - New Supplemental Benefits
  - Expanded Telehealth Benefits
- Lower Drug Costs & Reduce Out-of-Pocket Costs
  - Improved competition
  - Better negotiation
  - Incentives for lower list prices
  - Lowering out-of-pocket costs

### **Unleashing Innovation: New Supplemental Benefits**

- For 2019, increased flexibility so plans can offer innovative benefits and services that will help keep seniors healthy and independent
- Benefit flexibility will be even greater for chronically ill beneficiaries in 2020
- New benefits can include:
  - home safety devices & modifications
  - adult day care services, in-home support services, and caregiver support services
  - home-based palliative care
  - transportation to obtain non-medical items and services
  - expanded meal delivery

### **Unleashing Innovation: Expanded Telehealth Benefits**

- Very limited availability in Original Medicare
- Starting in 2020, additional telehealth services can be offered as a basic Medicare Advantage benefit
- Medicare Advantage telehealth coverage can include any Medicare Part B service that is clinically appropriate to furnish through electronic exchange

## Lower Drug Costs & Reduce Out-of-Pocket Costs

- Modernizing Part D and Medicare Advantage
- Drug Pricing Transparency in Television Advertisements
- Discount Safe Harbor



### **Modernizing Part D and Medicare Advantage to Lower Drug Prices and Reduce Out-of-Pocket Costs**

- Part D protected classes
- Step therapy for Part B drugs
- Pharmacy price concessions



### Drug Pricing Transparency in Direct-to-Consumer Television Advertisements

- Proposed rule to require drug manufacturers to post their list prices in television ads for drugs covered in Medicare or Medicaid
- Increase transparency into the prices prescription drug manufacturers set
- Provide a moderating force to counteract price increases

### Discount Safe Harbor

- Proposed rule to exclude from safe harbor protection under the Anti-Kickback Statute rebates on prescription drugs paid by manufacturers to PBMs, Part D plans and Medicaid managed care organizations





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