

The Medicare Platino Program for Dual Eligible in Puerto Rico and Projected Additional Reductions in MA

THE PROBLEM / RISK OF MAJOR CRISIS in 2016:

Without MA, covering the dual population could cost \$500M to \$800M more to PR Government, which is already operating with a deficit in the Medicaid program.

If the Current MA–Based Medicare Platino program is not viable:

Estimated scenario: \$150 incremental pmpm x 270,000 beneficiaries x 12 months =

\$486,000,000 of additional economic burden to the PR Government

- A significant cut in MA that eliminates the viability of Medicare Platino would push beneficiaries back to a combination of FFS Medicare and the regular Medicaid program. Incremental cost estimates for the local government range from \$500 million to \$800 million.
- **Projected MA funding reduction for 2016** - The estimated incremental reduction from **-9% to -14%** could mean the end of the Medicare Platino program as we know it.
- **Risk of terminating coverage** - ASES may have to terminate eligibility to thousands of Medicaid beneficiaries and run out of the ACA Medicaid funds in 1-2 years in order to cover the new costs if the MA program reductions take place and make the Medicare Platino program unsustainable.
- **Puerto Rico Government Affected** - The potential 2016 MA funding cuts domino effect would impact the **local government finances already in crisis**, and the entire health system and economy of the island, immediately.
- **Benefits lost** - The loss of help to pay for Part B since 2012 has already meant an estimated increase in the out of pocket costs of duals for the payment of the Part B premium of \$300 and over \$80 million annually (2010 vs 2014). Similarly situated individuals in other jurisdictions pay \$0 vs. \$1,154 total for Part B in PR.
- **The poorest will have to pay more** - The complete elimination of the Part B buy down help means that the poorest dual eligible in PR would be paying about \$400 more per beneficiary and over \$100 million more in aggregate compared to 2010 considering 250,000 duals. This does not include the estimate of additional benefits and access to care that would also be lost.

WHAT HAS MEDICARE PLATINO MEANT FOR PUERTO RICO?

- **Medicare Platino = The rational and appropriate integration of Medicare Parts A+B+D and Medicaid for the first time in history using Medicare Advantage as its main platform and source of funding.**
- **Majority choice** - Medicare Platino is a program that integrates all benefits in Medicare + Medicaid in Puerto Rico like never done before. It started in 2006 today it serves over 95% of the eligible Part A&B duals in Medicaid that have voluntarily selected the program by choice and because of their needs.
- **Almost 50% of the MA beneficiaries in PR are duals, while the national average is 11%.**
- **Almost all duals** - In 2005 there were **NO (zero = 0) beneficiaries** in the Medicare Platino plans, **now there are over 250,000.**

- **Overwhelming transformation** - The Platino program took care of very basic and historic issues with the FFS+Medicaid combination in Puerto Rico, for example:
 - Full coverage of Part A cost-sharing (gaps), not paid by regular Reforma/Medicaid.
 - Coverage of DME cost-sharing not paid regular by Reforma/Medicaid.
 - Increased access to pharmacy benefits, using MA funds to cover the gaps of the exclusion of the Part D LIS benefits.
 - Previously non-existent benefits for vision care, eyewear and dental care.
 - Some help – for the first time ever – to pay for Part B premium.
 - Increased payments to PCPs, and tangible incentives for care coordination and quality.
 - Use of only one card and one network to get all healthcare benefits and services systematically integrated.
- **Lowest Cost in Nation:** this program has been developed with a total cost for Medicare+Medicaid around \$1,000-\$1,200 which is about 40% of the average Medicare-Medicaid costs nationwide. Even if we exclude about 30% for the average cost of long term care not offered in Medicaid in Puerto Rico, the costs of Medicare Platino is less than 60% of the average Medicare+Medicaid cost for a similarly situated beneficiary nationwide.
- **Improving Quality at the Bottom:** If supported by a solution for the MA funding in PR, the Medicare Platino program could become be supported by of most cost-effective and 3.5-4.0 STAR level plans in the entire nation. CMS data shows quality improvement in recent years. Conversely, if not supported, all the progress may collapse.
- **Citizens pay the same, but are getting less:** In PR, these beneficiaries pay Medicare Payroll Tax (FICA) and the \$104.90 Part B premium in the same level and amount as every other citizen in the states.

Medicare Enrollment by Type of Program, Puerto Rico vs National

CMS Enrollment Reports October 2014

All Medicare Beneficiaries

Segment	Puerto Rico		National	
	Beneficiaries	%	Beneficiaries	%
Dual SNP	271,941	37%	1,705,849	3%
Non-Dual MA, MAPD	199,397	27%	11,060,184	21%
EGWP	79,960	11%	3,012,234	6%
Stand Alone PDPs	23,340	3%	23,473,656	44%
Traditional A&B, No Part D	57,757	8%	14,479,431	27%
Traditional A Only, Non Part D	110,021	15%		
Total	742,416	100%	53,731,354	100%

Only Beneficiaries in MA

Segment	Puerto Rico		National	
	Beneficiaries	%	Beneficiaries	%
Dual SNP	271,941	49%	1,705,849	11%
Non-Dual MA, MAPD	199,397	36%	11,060,184	70%
EGWP	79,960	15%	3,012,234	19%
Total	551,298	100%	15,778,267	100%

So What will Happen to the PR Delivery System...

MA

- Improving Quality of Care
- 49% of PR's health premium
- 550,000 members
- 220,000 Duals (\$10 wrap by ASES)
- \$520 pmpm

If PR cannot absorb 2016 10% MA / HIT cuts...
 330,000 MA beneficiaries can transfer to Medicare , 220,000 Duals will transfer to Mi Salud...

FFS

- No quality program
- 5% of PR's health premium
- Higher (unaffordable) copays
- No Prescription Drugs (Part D)
- \$420 pmpm

If MA Beneficiaries cannot afford FFS all will go to Mi Salud

Aprox. Cost to PR Mi Salud \$500M in 2016.

Mi Salud

- 4/1/15 change to full risk model
- 26% PR's health premium
- Current economic challenges
- 2018/2019 Cap Issue
- \$160 pmpm

CONCLUSION
Mi SALUD WILL BECOME THE PREDOMINANT ECONOMIC DRIVER OF HEALTH CARE DELIVERY IN PR AND THE HEALTH CARE DELIVERY SYSTEM CAN FAIL

ADDENDUM

Table: Comparison of Help to Pay for Part B Premium for Duals that are below 87% FPL

Program Component	Dual Eligible below 87% FPL Dual Eligible in States	Dual Eligible below 87% FPL Dual Eligible in PR in <u>2010</u>	Dual Eligible below 87% FPL Dual Eligible in PR in <u>2014</u>
Social Security Tax	12.40% (6.20% beneficiary and 6.20% employer)	12.40% (6.20% beneficiary and 6.20% employer)	12.40% (6.20% beneficiary and 6.20% employer)
Medicare Tax	2.9% (1.45% beneficiary and 1.45% employer)	2.9% (1.45% beneficiary and 1.45% employer)	2.9% (1.45% beneficiary and 1.45% employer)
Part B Monthly Premium	\$104.90	\$104.90	\$104.90
Supplemental Security Income	Avg \$500-\$600 per month	\$0 per month	\$0 per month
Part D LIS	Approximately \$143.00 pmpm in extra help	No LIS \$0 Alternative grant about \$5.50 pmpm in help	No LIS \$0 Alternative grant about \$5.50 pmpm in help
Help to pay for Part B Premium	\$104.90/mo \$1,258.80/yr	\$25.00/mo \$300/yr	\$8.70/mo \$104.43/yr
Total Part B Premium Cost for Beneficiary	\$0/mo \$0/yr	\$71.40/mo \$856.80/yr	\$96.20/mo \$1,154.37/yr
Participation in program integration initiatives	21% approx participating in dual demonstrations	More than 95% of duals with A&B in Platino	More than 95% of duals with A&B in Platino
Total Cost for Federal Government	Average of \$30,000 per year	Average of \$13,000 per year	Average of \$12,000 per year

**Key Observations:**

- US Citizens residing in PR pay the same Medicare Tax and Part B premium but get much less.
- The system is already at the bottom of funding and more cuts to MA could mean the collapse the dual program that has developed in the last 10 years.
- The dual program with MA has been the only way of getting the poorest population some help to pay for part B.
- Even before any of the ACA reductions the program was an outlier at the bottom of costs for the Federal government.
- The inability to stop MA reductions and sustain the stability of the Medicare Platino (dual) program in PR, would mean less people covered. Any beneficiary that moves to anywhere in the US would automatically cost more to the Federal government.
- Saving the MA supported system for duals in PR is the fairer and most-cost effective policy that HHS/CMS can implement.