

Medicare in the New Millennium

MIKE SMITH, PRESIDENT, THE BROKERAGE INC CHAIRMAN, NAHU MEDICARE WORKING GROUP



Let's discuss:

What is NAHU doing to support Medicare Agents/Brokers

Legislative updates

Medicare Enrollment Statistics

Medicare Spending in the Federal Budget

Medicare Advantage

Medicare Part D

Merit Based Incentive Payment System (MIPS)

What is NAHU doing to support Medicare Agents / Brokers?

THE MEDICARE ADVISORY GROUP





NAHU Medicare Working Group

NAHU's Medicare Working Group is tasked to support staff and the Legislative Council with valuable insights into real world issues affecting Medicare beneficiaries and Medicare producers

This group draws broad expertise from members with extensive knowledge of Medicare and Medicare program, coordination of benefits, and overlapping financing mechanisms

Send me your ideas! Mike@TheBrokerageInc.com

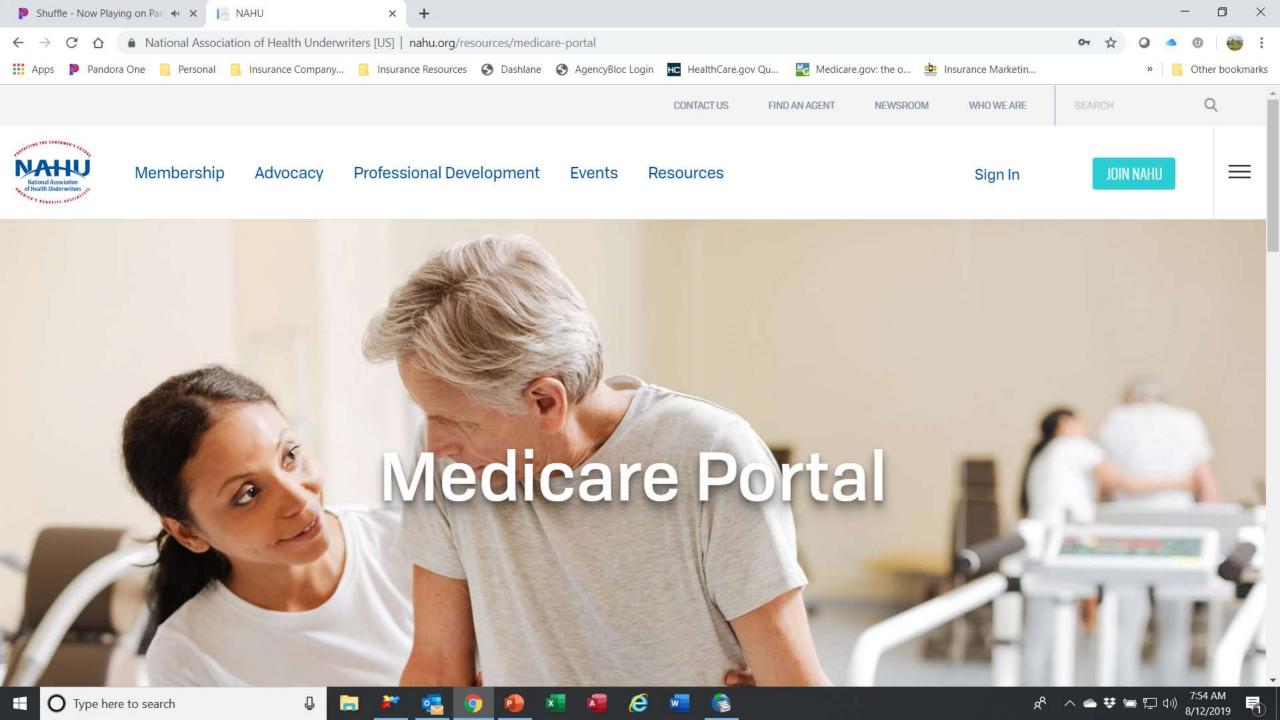


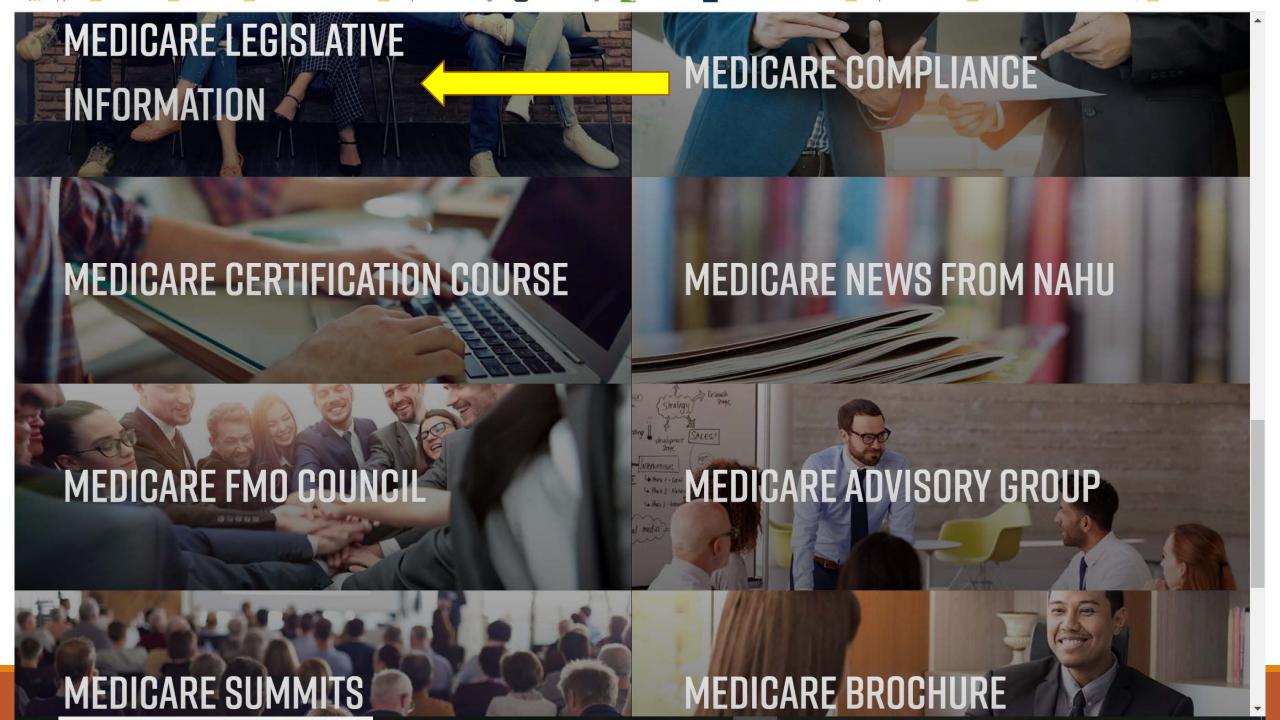
NAHU Activity

NAHU successfully lobbied for restoration of the OEP – an option for Medicare beneficiaries to make a one-time change in their plan selection during the first 90 days of the year beginning in 2019

NAHU is also working on other Medicare-related issues, such as the interaction with HSAs, COBRA, Part B enrollment, and CMS's marketing, communication, and compensation issues

NAHU and "Alliance Partners" recently helped remove the Cadillac Tax, Medical Device Tax, and the Health Insurance Tax







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Legislative Updates



Legislative Updates

Part D & Prescription Drug Pricing Reform

The BENES Act

COBRA

Observation Status

Health Savings Accounts and Medicare

Medicare for All

Could Part D reform move forward in 2020?

From the Senate:

 S. 2543 - tweaking the Part D benefit is part of a larger piece of bipartisan legislation, led by Senators Chuck Grassley (R-Iowa) and Ron Wyden (D-Ore.)

From the House

Sweeping legislation (H.R. 3) led by Speaker Nancy Pelosi (D-Calif.)

Both bills would implement out-of-pocket spending caps for Part D beneficiaries and considerably change how costs are divided up in the catastrophic phase of coverage

They would also require drug manufacturers to repay Medicare if certain Part B or Part D drug prices rise faster than inflation



Overview of Major Medicare Drug Pricing Proposals

Senate Finance Bill

S. 2543: Prescription Drug Pricing Reduction Act of 2019





Voted out of Committee July 25, 2019 19 Yeas; 9 Nays

Modified version released December 6, 2019

House-passed Bill

H.R. 3: Elijah E. Cummings Lower Drug Costs Now Act of 2019



Passed the House December 12, 2019 230 Yeas; 192 Nays

Yeas – 228 Democrats; 2 Republicans Nays – 191 Republicans; 1 Independent

House Republicans Bill

H.R. 19: Lower Costs, More Cures Act



Introduced December 9, 2019





The BENES Act

HR 2477 AND S 1280



HR 2477 / S 1280: The BENES Act



Senator Robert "Bob" Casey (D-PA)

Beneficiaries Enrollment Notification and Eligibility Simplification Act (BENES)

Modernize and simplify the Part B enrollment process

In 2018, ~760,000 people paid a Medicare Late Enrollment Penalty (LEP)

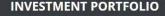
Improving communication to:

- Reduce disruptions in care
- Reduce enrollment errors
- Provide some SOA relief



COBRA and Medicare

DON'T PLAY WELL TOGETHER IN THE SANDBOX!



WEALTH MANAGEMENT

RETIREMENT PLANNING

LIFE/HEALTH INSURANCE ~

PRACTICE MANAGEMENT ~

TECHCENTER ~

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Keep COBRA From Biting Medicare-Eligible Consumers: House Reps

Two House bills, H.R. 1667 and H.R. 2564, also address the COBRA bite problem.

By Allison Bell January 22, 2020 at 05:25 PM













Two House Bills:

HR 1667

HR 2564

Reality is COBRA as creditable coverage may be added to a few expiring health bills in May 2020

\$120 Million LOVENOX® or Generic Enoxaparin Settlements





H.R. 2564 (Introduced May 7, 2019)



Treating COBRA as Creditable Coverage

Rep Kurt Schrader (D-OR)



Gus Bilarakis (R-FL)





H.R. 1667 and H.R. 2564

Help with eliminating the Medicare-to-COBRA transition trap

COBRA is not normally considered to be creditable coverage for Medicare major medical benefits

People who are enrolled in COBRA and do not enroll in Medicare Part B within 8 months of turning
 65 face substantial financial penalties for the rest of their lives

COBRA prescription drug coverage may be considered creditable

Solution: Congress needs to pass legislation to treat COBRA coverage as creditable coverage for Medicare, the same way that similar employer-sponsored insurance is already treated as creditable



Medicare COBRA Fix: Share Your Stories

Under current law, seniors who are enrolled in COBRA coverage but are eligible for Medicare face financial penalties for not enrolling within the mandated timeframe. However, seniors who are enrolled in similar employer-sponsored plans are not penalized as their coverage is considered creditable for Medicare.

On May 7, 2019, Representatives Kurt Schrader (D-OR) and Gus Bilirakis (R-FL) introduced H.R. 2564, legislation that would create a one-time special enrollment period (SEP) for seniors enrolled in COBRA coverage to enroll in Medicare Part B without a penalty. This legislation would effectively treat COBRA as creditable coverage, the same as seniors who remain on similar employer-sponsored coverage and then enroll in Medicare. The SEP would only apply for this scenario and is unrelated to Marketplace SEPs, which allow consumers to enroll in exchange-based coverage outside of the open enrollment period. As a licensed insurance specialist who works closely with seniors to help them understand and enroll in Medicare and private market coverage, we are seeking your input on how the COBRA coverage requirements affects your clients and how Congress can help. Please tell us local stories about your clients who have had difficulty with COBRA not counting as creditable coverage. These personal stories will be used to demonstrate the need to change the law.

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First Name	Last Name
Address	Email
Street Address, City, and State	Email
Submit	

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Observation Status

CURRENTLY, MEDICARE BENEFICIARIES WHO ARE NOT OFFICIALLY ADMITTED TO A HOSPITAL MAY BE CLASSIFIED UNDER "OBSERVATION STATUS," WHICH IS TREATED AS AN OUTPATIENT PROCEDURE FOR BILLING PURPOSES.

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Observation Status

Over the past five years, there has been a 69% increase in the number of beneficiaries treated under observation status

Medicare beneficiaries are charged a one-time deductible for hospital services over their first 60 days during a stay

Patients who are not admitted for at least three days are not eligible for Medicare coverage in skilled nursing home facilities and patients who are considered outpatient also face a 20% copay for any physician services

KNOWLEDGE · RESOURCES · TRAINING

SKILLED NURSING FACILITY 3-DAY RULE BILLING



The Hyperlink Table, at the end of this document, provides the complete URL for each hyperlink.

Learn about and how to apply the 3-day rule:

Packground
 Financial Bosponsibility for SNE Sonvices

Dpen in Acrobat

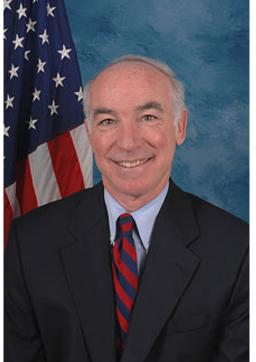
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H.R. 1682 "Observation" (March 2019)

Rep. Joe Courtney (D-CT)







Rep. Glenn "GT" Thompson (R-PA)



Companion Bill: S 753 "Observation"

Senator Sherrod Brown (D-OH)



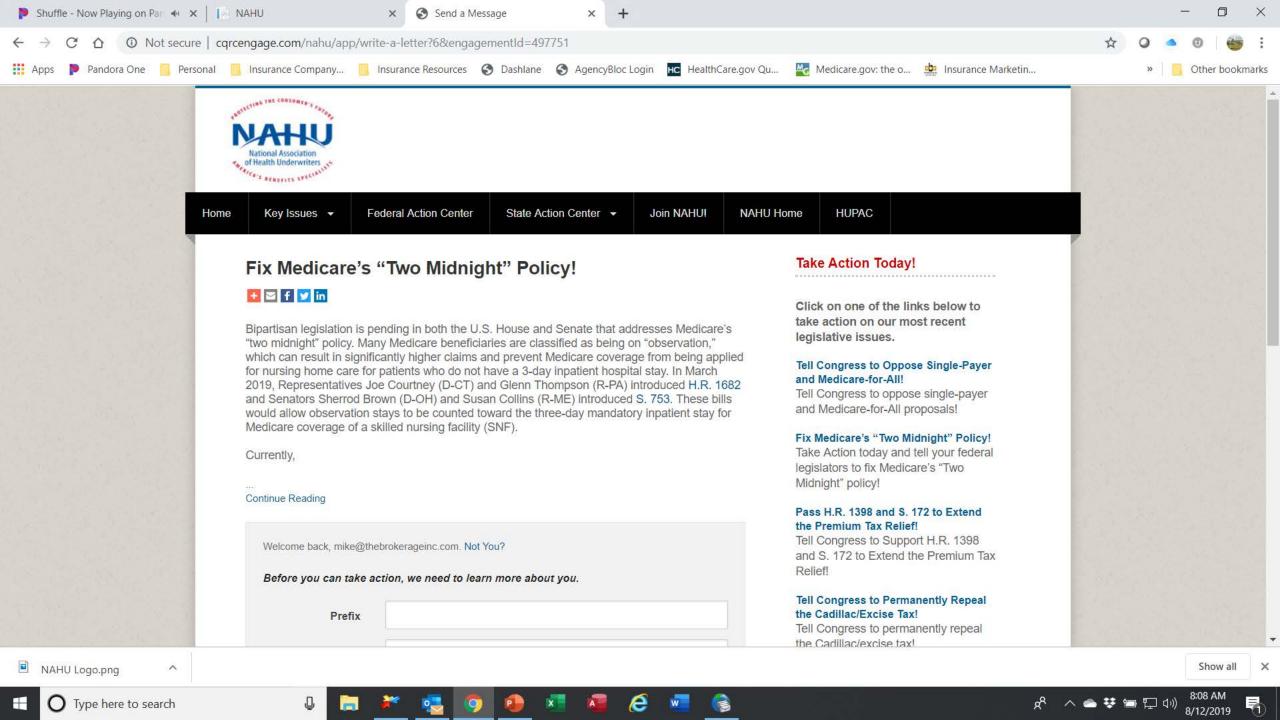
Senator Susan Collins (R-ME)





H.R. 1682 / S. 753 "Observation Stays"

Allows observation stays to be counted toward the three-day mandatory inpatient stay for Medicare coverage of a skilled nursing facility



Health Savings Accounts and Medicare

<u>Problem:</u> Once a person enrolls in any part of Medicare, contributions to an HSA are not allowed

Solution: HR 3796



H.R. 3796: Health Savings Accounts

Allow HSA contributions after enrolling in Medicare

- But...there are certain eligible expenses that will be removed
 - Tax-Qualified Long Term Care premiums



HR 3796: Health Savings Accounts

Rep. Ami Bera (D-CA)



Rep. Jason Smith (R-MO)







Medicare for All

IS MEDICARE FOR NONE



Medicare for All

Estimated to cost \$32T over 10 years

Annual tax increase \$24,000 per household

Eliminates 1.5M jobs

- 500,000 who work directly for insurers
- 900,000 in closely related jobs

Doctors wages would be reduced

Hospitals would see \$774B in cuts and possible closures

Especially rural areas



Medicare for All

Delayed treatment

Disrupted care

Discouraged innovation

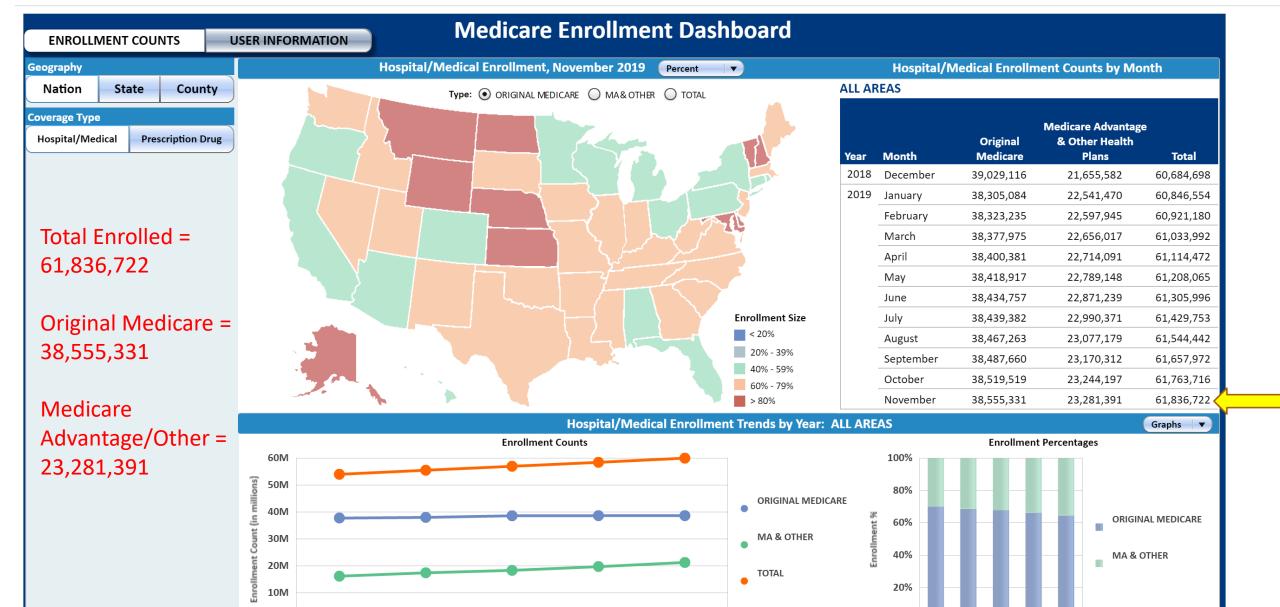
Elimination of Medicare Advantage and Medicare Supplement plans

Could lead to ever-increasing taxes to cover the costs





Medicare Enrollment Statistics



0M

2014

2015

2016

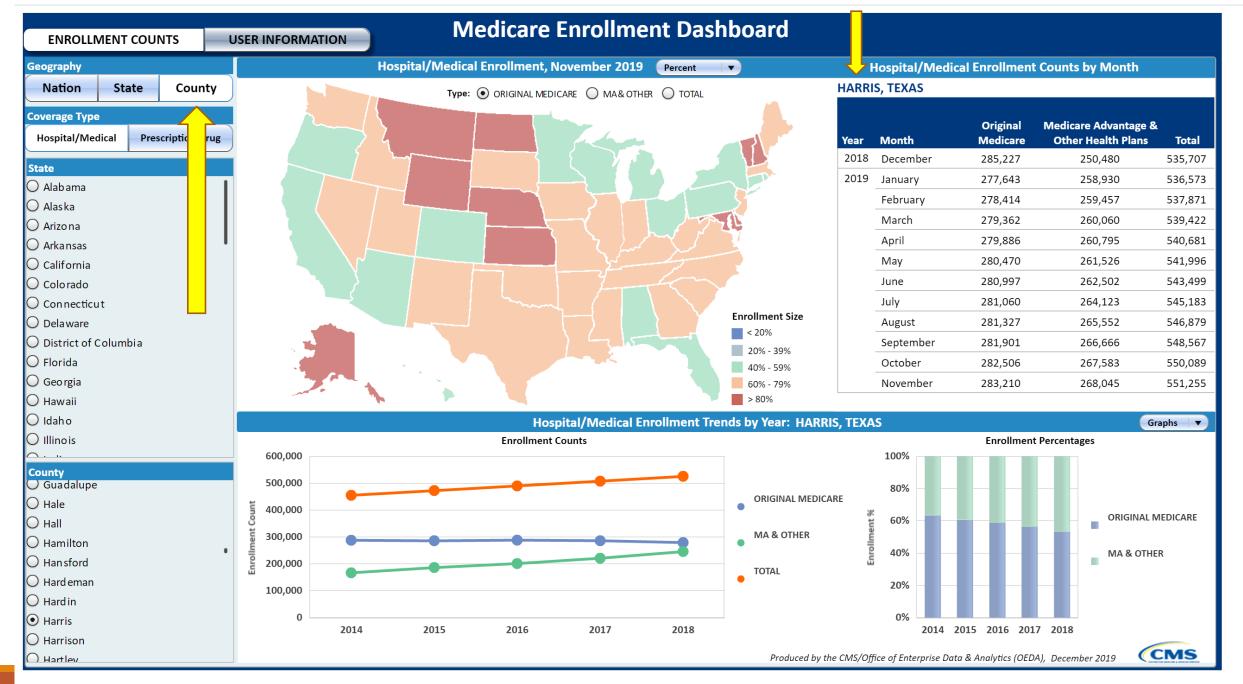
2017

2018

2014 2015 2016 2017 2018

Produced by the CMS/Office of Enterprise Data & Analytics (OEDA), December 2019

(CMS





Medicare Spending in the Federal Budget

US ECONOMY AND NEWS ▶ FISCAL POLICY

US Federal Budget Breakdown

The Budget Components and Impact on the US Economy







FISCAL POLICY

US Economy and News

U.S. MARKETS

TRADE POLICY

MONETARY POLICY

GDP AND GROWTH

INFLATION

ALL US ECONOMY AND **NEWS>**

BY KIMBERLY AMADEO Updated December 31, 2019

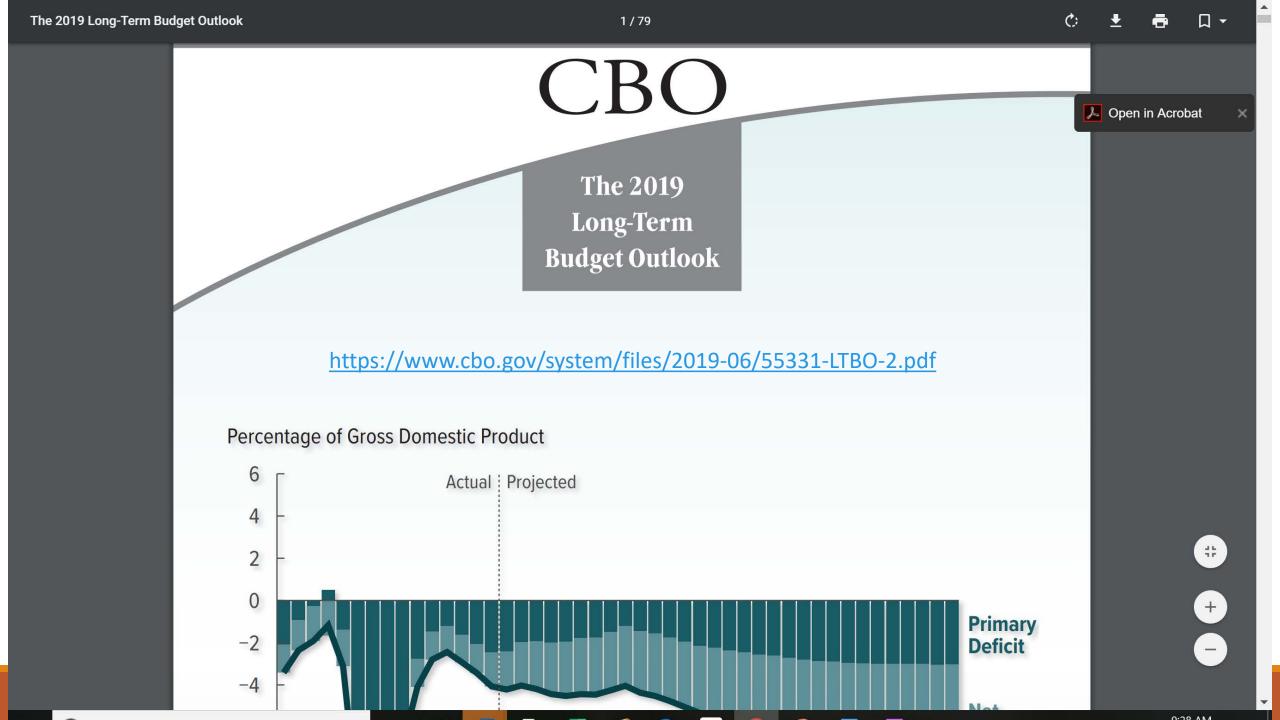
On March 11, 2019, President Donald Trump released his budget request for fiscal year 2020. Under his proposal, the federal budget would be a record \$4.746 trillion. The U.S. government estimates it will receive \$3.645 trillion in revenue. That creates a \$1.101 trillion deficit for October 1, 2019, through September 30, 2020.

Government spending is broken down into three categories: Mandatory, listed at \$2.841 trillion; Discretionary spending, forecasted to be \$1.426 trillion; and interest on the national debt, \$479 billion. Each category of spending has different subcategories that require funding.

01 Revenue

The federal government estimated that it would receive \$3.645 trillion in revenue in fiscal year (FY) 2020. Most of the revenue is in the form of taxes, paid by taxpayers, either through income or payroll taxes. The forecast for each type of revenue is as follows:

Advertisement



Medicare Spending in the Federal Budget

- •The government expects to spend \$4.746 trillion in 2020
- Almost 60% of that pays for mandated benefits such as Social Security, Medicare, and Medicaid—the mandatory spending category
- Social Security was expected to be the biggest expense at \$1.102 trillion
- Followed by Medicare at \$679 billion
- Then Medicaid at \$418 billion



Medicare Spending in the Federal Budget

- Medicare is already underfunded because taxes withheld for the program don't pay for all benefits
- This creates reliance on general tax dollars to pay for a portion of it
- Medicaid is funded by the general fund, also known as "America's Checkbook", which is an account that is used to finance daily activities and long-term operations of the government

Key takeaway: the Federal budget will continue to grow and add considerably to the U.S. debt





Medicare Advantage

CONTINUED GROWTH IN 2020 AND BEYOND











MEDICARE ADVANTAGE STATISTICS

59%

of Medicare Advantage enrollees are in plans operated by UnitedHealthcare, Humana, or BlueCross BlueShield affiliates in 2019. (2019 Issue Brief) 29%

of new Medicare beneficiaries enrolled in Medicare Advantage plans during their first year on Medicare in 2016. (2019 Issue Brief)

34%

of all Medicare beneficiaries (22 million people) are enrolled in Medicare Advantage plans. (2019 Issue Brief)

62%

of the 22 million Medicare Advantage enrollees in 2019 are in in HMOs, with the rest in local or regional PPOs. (2019 Fact Sheet)

MEDICARE ADVANTAGE RESOURCES ightarrow

THE MEDICARE MARKETPLACE

NO ITCH TO SWITCH

Few Medicare Beneficiaries Switch Plans During Open MEDICARE ADVANTAGE

Medicare Advantage in 2020

PART D

Medicare Part D: A Look at Prescription Drug Plans in 2020

Annual Health Care Costs for Comparable Beneficiaries, 2019



Medicare Fee-for-Service

Medicare Advantage

https://www.unitedhealthgroup.com/newsroom/posts/2020-01-21-compares-ma-medffs.html?cid=IC:UHG:OA:1.21.20:standard:NAT:Newsroom



Medicare Advantage

According to the United Health Group (UHN) report:

- The average annual health care costs for a 72-year-old MA beneficiary of average health are \$3,632, compared to up to \$5,960 for Medicare FFS beneficiaries
- Those savings are especially important since half of Medicare beneficiaries live on fixed annual incomes below \$27,000
- Over their lifetime, beneficiaries with Medicare Advantage can save \$50,000 to \$85,000



According to the report:

A typical beneficiary enrolled in MA with Part D prescription drug coverage spends:

- •\$1,477 less than beneficiaries enrolled in FFS and Part D coverage
- •\$1,809 less than beneficiaries who also purchase Medigap Plan G as supplemental coverage for out-of-pocket costs
- •\$2,328 less than beneficiaries who instead purchase Medigap Plan F as supplemental coverage

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Policy & Research

As the leading voice on Medicare Advantage, we work tirelessly to protect and ultimately strengthen this critical health care. Our thoughtful, datadriven research drives powerful action in the halls of Congress, from Issue Briefs to Letters on behalf of our community.



Featured Publications

REPORT

Medicare Advantage Achieves
Better Outcomes Than

Traditional Madicara

FACT SHEET

Employer Retiree Medicare Advantage Health Plans 2018 >

Medicare Advantage Summit 2019

The Summit is the only event that brings together plans, providers, patients and government to improve

Supplemental Benefits in Medicare **Advantage**

Fact Sheet September 2019

BETTER MEDICARE ALLIANC: 🔑 Open in Acrobat

Key Facts

- Medicare Advantage health plans may provide extra benefits, called supplemental benefits, that are not covered by traditional FFS Medicare.
- Supplemental benefits typically must be directly related to an individual's health care needs and may not solely be used to address non-medical needs.
- There are two types of supplemental benefits: optional, which the enrollee may select and pay an

Overview of Supplemental Benefits

In Medicare Advantage, health plans may offer benefits not covered by traditional fee-for-service (FFS) Medicare. This flexibility is based on the expectation that plans may be able to provide more benefits for the same government spending due to capitated, full risk payments paid to plans that incentivize early intervention and care management. Supplemental benefits must be used directly for beneficiaries and are required to be directly related to an individual's health care needs. Until recently, they could not be benefits that solely address non-medical needs.¹ The most commonly offered supplemental benefits include coverage for dental, vision and hearing services, as well as wellness or fitness programs, none of which are covered in traditional FFS Medicare.

There are two types of supplemental benefits a Medicare Advantage plan may offer: mandatory or optional. Mandatory supplemental benefits are included in the plan and available to any individual who enrolls in that plan, either at no cost to the enrollee as in zero-premium plans or as part of the plan premium paid by the enrollee. Optional supplemental benefits may be offered and selected by any enrollee who pays an additional premium for that benefit as

Medicare Advantage – Supplemental Benefits

- Medicare Advantage health plans may provide extra benefits, called supplemental benefits, that are not covered by traditional FFS Medicare
- There are two types of supplemental benefits:
 - Optional, which the enrollee may select and pay an additional premium
 - And mandatory, which are included as part of the plan and available to all enrollees
- The most common supplemental benefits are dental, vision, and hearing, with 97% of Medicare Advantage plans offering at least one, and half of all Medicare Advantage plans offering all three in 2019
 - Dental 57%
 - Vision 76%
 - Hearing 68%

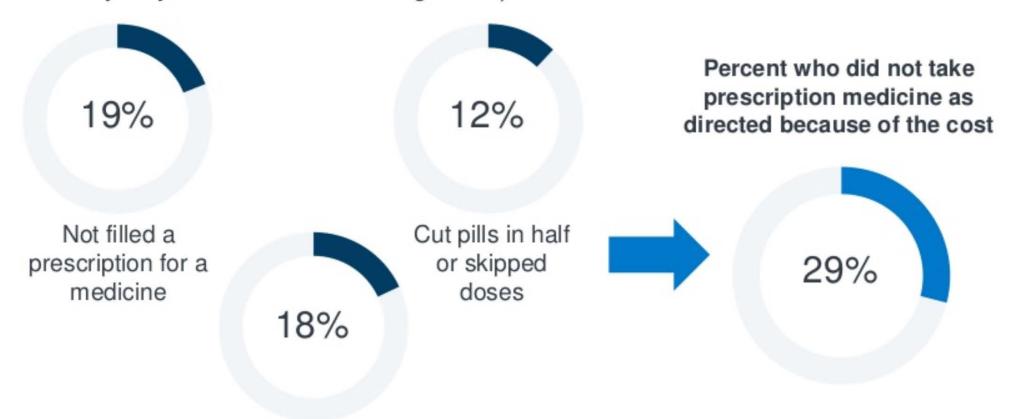




Medicare Part D

Three In Ten Americans Say They Haven't Taken Their Medicine As Prescribed Due to Costs

Percent who say they have done the following in the past 12 months because of the cost:



Taken over-the-counter drug instead











TRENDING

Affordable Care Act

Open Enrollment

Prescription Drugs



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Home // Medicare // How Will The Medicare Part D Benefit Change Under Current Law and Leading Proposals?

How Will The Medicare Part D Benefit Change Under Current Law and Leading Proposals?

Juliette Cubanski 🎔 and Tricia Neuman 🖤

Published: Oct 11, 2019









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ISSUE BRIEF



NEWS RELEASE

Oct 2019

Medicare Part D Beneficiaries Who Reach the Catastrophic Coverage Limit Can Expect to Pay More Out-of-Pocket for Their Prescription Drugs Next Year

Since 2006, Medicare beneficiaries have had access to prescription drug coverage through Part D, where private plan sponsors contract with Medicare to provide the drug benefit. In recent years, policymakers have expressed concerns about the absence of a hard cap on out-of-pocket spending for Part D enrollees, the significant increase in Medicare spending for enrollees with high drug costs, and the relatively weak financial incentives faced by Part D plan sponsors to control high drug costs. Recent proposals aim to address these concerns, including the Trump Administration's Fiscal Year 2020 budget, the bipartisan prescription drug bill passed by the Senate Finance Committee, and H.R.3, the prescription drug bill recently announced by Speaker Pelosi (D-CA). This brief describes how the Medicare Part D benefit will change in 2020 under

ALSO OF INTEREST

- An Overview of the Medicare Part D Prescription Drug Benefit
- How Many Medicare Part D Enrollees Had High Out-of-Pocket Drug Costs in 2017?
- > 10 Things to Know About Medicare Part D Coverage and Costs in 2019

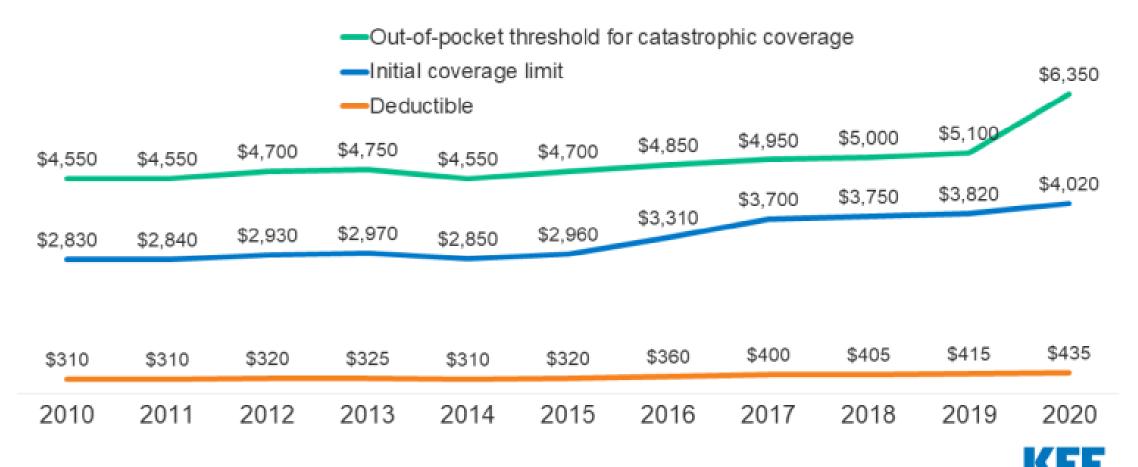


What is changing in Part D for 2020?

- In 2020, Medicare Part D enrollees are facing a relatively large increase in out-of-pocket drug costs before they qualify for catastrophic coverage (see Figure 2, next slide)
- This is due to the expiration of the ACA provision that constrained the growth in out-of-pocket costs for Part D enrollees by slowing the growth rate in the catastrophic threshold between 2014 and 2019

Figure 2

The ACA Slowed the Growth Rate in the Annual Out-of-Pocket Threshold Between 2014 and 2019; in 2020, the Threshold Will Increase by \$1,250



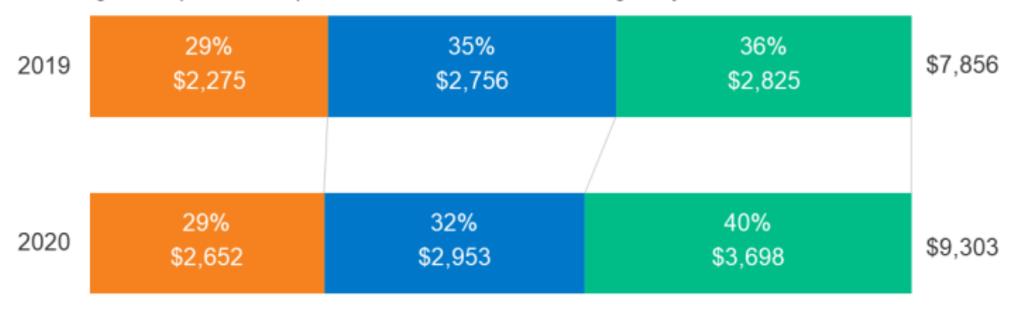
SOURCE: KFF, based on Part D benefit parameters, 2010-2020.



Part D Plans Will Pay a Smaller Share of Total Drug Costs Up to the Catastrophic Threshold in 2020 Than in 2019

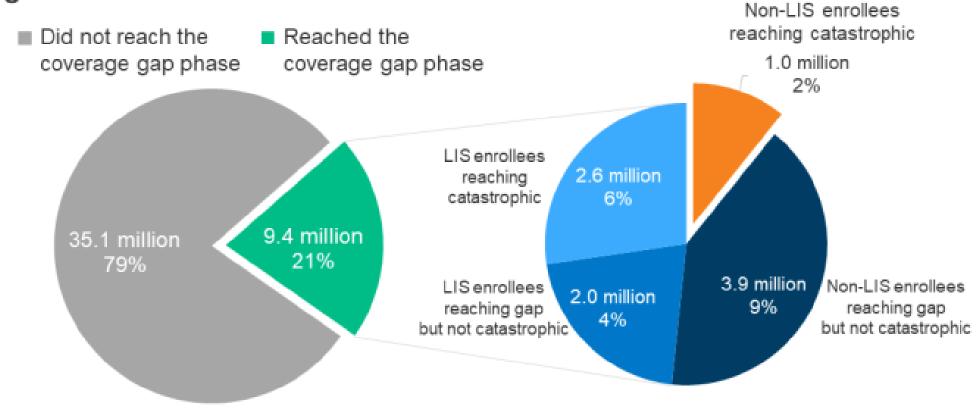
Costs paid by: ■ Enrollees ■ Plans ■ Manufacturers

Total drug costs up to catastrophic threshold for brand-name drugs only:





A Small Share of Medicare Part D Enrollees Had High Out-of-Pocket Drug Costs in 2017



Total = 44.6 million Part D enrollees in 2017

NOTES: LIS is low-income subsidy.

SOURCE: KFF analysis of 2017 prescription drug claims data from the CMS Chronic Conditions Data Warehouse.





Part D - Conclusion

- In the absence of a change in law, Medicare Part D enrollees can expect to face an increase in their out-of-pocket drug costs in 2020
- Costs for Part D plan sponsors and drug manufacturers will also increase in dollar terms
- These changes are also likely to affect Part D premiums in 2020 and future years



MIPS Value Pathways

MERIT-BASED INCENTIVE PAYMENT SYSTEM



Quality Payment Program from CMS

Rewards value and outcomes in one of two ways:

- Merit-based Incentive Payment System (MIPS)
- Advanced Alternative Payment Models (APMs)

Four categories determine the Providers payment adjustment:

- Quality of the care delivered
- 2. Promoting interoperability patient engagement, electronic exchange of health info
- 3. Improvement Activities increase patient engagement, increase access to care
- 4. Cost of the care provided

Quality Payment

MIPS ~

Merit-based Incentive Payment System APMs ~

Alternative Payment Models About ~

The Quality M
Payment Program ar

Manage Account and Register

Sign In

<u>Home</u> > <u>MIPS Overview</u> >

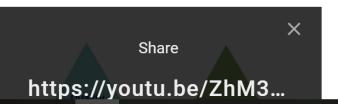
MIPS Value Pathways (MVPs)

We have finalized our MIPS Value Pathways (MVPs), a participation framework that would begin with the 2021 performance period.

Watch <u>this video</u> of to learn more about the MVPs framework, and how it will help to improve the Merit-based Incentive Payment System (MIPS) and make the program more meaningful to clinicians and patients.

Dedicated to improving outcomes

Since the Quality Payment Program launched in 2017, we have taken incremental steps to update both the MIPS and Advanced



Blue Button 2.0

MYMEDICARE.GOV



Blue Button 2.0

A developer-friendly, standards-based API that enables Medicare beneficiaries to connect their claims data to the applications, services and research programs they trust.

VIEW THE DOCUMENTATION



SIGN UP FOR THE DEVELOPER SANDBOX



Overview

Getting started

Value and Use Cases

Support

Important Announcement

CMS has conducted a full review of Blue Button 2.0, corrected the faulty code, implemented additional protections, and is resuming normal operations of the system. You can find more information on the technical issue that was addressed on the Blue Button 2.0 API Update blog post.

CMS is mailing letters to all affected beneficiaries in the coming



Blue Button 2.0 Overview

- Blue Button 2.0 from CMS is an API that contains four years of Medicare Part A, B and D data for 63 million Medicare beneficiaries
- This data reveals a variety of information about a beneficiary's health, including type of Medicare coverage, drug prescriptions, primary care treatment and cost
- Beneficiaries also have full control over how their data can be used and by whom, with identity and authorization controlled by www.MyMedicare.gov



Coming Soon!

New Medicare certification course

Developed by NAHU

Built for brokers, by brokers

Will cost around \$100

Expected to be rolled out in June 2020

Stay tuned!





Thank you HAHU!

MIKE SMITH, 469-635-6703 OR MIKE@THEBROKERAGEINC.COM