Modernizing Medicare by Pilot-Testing Mandatory Enrollment Care Coordination Models

Five Slide Series, Volume 19

December 2014

The Menges Group

www.themengesgroup.com

571-312-2360

Why Mandatory MCO Enrollment Should Be Adopted by Medicare

1. The mandatory enrollment model is used extensively by Medicaid -- in dozens of states and for millions of beneficiaries.
2. Mandatory enrollment eliminates the marketing expenditures incurred to attract persons away from the traditional FFS setting.
3. Mandatory enrollment removes the need to enhance the benefits package to motivate persons to participate in a coordinated care environment.
4. In a voluntary enrollment setting, providers' leverage over the MCOs often results in inflated unit prices and weakened medical management rigor.

In the absence of mandatory enrollment, the above three dynamics significantly diminish the savings that strong coordinated care programs can achieve.

The enrollment models used provide the over-riding explanation as to why Medicaid's coordinated care programs have generally yielded savings – whereas the Medicare Advantage program has a longstanding history of creating added costs for the U.S. taxpayer. Medicare continues to ensure that traditional FFS coverage is available to every beneficiary. Medicaid has shown that removing the FFS option – while politically challenging to accomplish – has been essential to creating a system of coverage that best fosters access, measures/improves quality, and achieves optimal cost savings.

The Menges Group

Why Mandatory MCO Enrollment Should Be Adopted in the Medicare Arena (continued)

5. A well-coordinated system of coverage is needed to best facilitate/ensure access to care, measure and monitor quality, and achieve available cost savings.

- The FFS setting fails to do any of this – it merely pays for "whatever happens to happen."

6. Mandatory enrollment, coupled with a competitive bid process that yields a small number of best-suited MCO entities, ensures each health plan a large revenue stream and economies of scale.

- It is then viable for MCOs to invest heavily in the staffing and information systems needed to implement a comprehensive, optimal coordinated care program.

Why Mandatory MCO Enrollment Should At Least Be *Piloted* in the Medicare Arena

- Mandatory MCO enrollment in Medicaid was initially pilot-tested in various states and counties. Once proven effective, it then became adopted by dozens of state Medicaid programs.
- Testing mandatory enrollment offers a careful but promising path for meaningful reform and improvement of this critical health coverage program.
- The arguments against even *testing* this model have not been substantive – e.g., "it's a non-starter politically" and "we're not ready for this yet."
  - These are odd arguments given the degree to which the model is already used for public beneficiaries and has been effective. Keeping this approach out of Medicare mires the program in an increasingly outdated and ineffective structure.
  - There should be more substantive reasons to avoid testing a model that has exciting potential to improve Medicare. Even if the pilots found mandatory enrollment to be an ineffective approach, that would be valuable to learn.

Several Options Exist for Introducing Mandatory Enrollment Medicare Pilot Initiatives

- **High Penetration Counties:** As of mid-2013, more than 50% of Medicare beneficiaries were enrolled in a Medicare Advantage plan in 40 counties, encompassing 4% of the nation's Medicare population. In another 126 counties (in which 13% of beneficiaries reside), Medicare Advantage penetration is between 40-50%. Piloting mandatory enrollment in some of these counties would build from a base where the MCO model is already widely used by beneficiaries and where it is highly familiar to providers.
- **Newly Eligible Persons:** Approximately 3 million persons obtain Medicare coverage in a given year. Mandatory enrollment of newly eligible beneficiaries into an MCO could be tested in several urban counties, which would not require any existing FFS beneficiary to convert to MCO coverage.
- **Dual Eligibles:** Some existing state demonstrations are testing passive enrollment of duals into competitively procured MCOs, whereby persons are enrolled in a single Medicaid/Medicare MCO unless they proactively select FFS. Using a mandatory model in some of these states (or additional states) would allow policymakers to fully align Medicaid and Medicare benefits for duals and test the approach that holds the strongest potential for success in coordinating services for this high-need subgroup.

We encourage that most -- if not all -- of the pilot initiatives use a small field of competitively selected MCO contractors, with little or no marketing allowed and a small set of standardized benefits packages required. Medicare's general approach of contracting with all applicants meeting minimum requirements yields a confusingly large array of plans and benefits configurations and fuels large-scale marketing costs.

Our Contact Information

Phone: 571-312-2360
Website: www.themengesgroup.com
Email: jmenges@themengesgroup.com
Address: 4011 9th Street N., Suite 227
Arlington, VA 22203

The Menges Group