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ONE HUNDRED FIFTEENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

July 24, 2017

To: Subcommittee on Health Democratic Members and Staff

Fr: Committee on Energy and Commerce Democratic Staff

Re: Hearing on "Examining the Extension of Special Needs Plans"

On **Wednesday, July 26, 2017, at 10:15 a.m. in 2322 Rayburn House Office Building**, the Subcommittee on Health will hold a legislative hearing titled "Examining the Extension of Special Needs Plans."

This hearing will examine issues regarding the extension of Special Needs Plans (SNPs) in the Medicare Advantage (MA) program. Special Needs Plans were last extended in the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA).

I. BACKGROUND

A. Overview of Special Needs Plans (SNPs)

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) established new MA coordinated care plan options specifically for individuals with special needs. These types of Medicare Advantage plans are authorized to target enrollment to one or more types of special needs individuals. Specifically, (1) Institutional SNPs (I-SNPs) enroll beneficiaries residing in a nursing home or in the community who are nursing home certifiable (a subset of I-SNPS known as IE-SNPs); (2) Dual-Eligible SNPs (D-SNPs) enroll beneficiaries eligible for both Medicare and Medicaid; and (3) Chronic Condition SNPs (C-SNPs) enroll beneficiaries with certain severe or disabling chronic conditions, such as End Stage Renal Disease.[1]

[1] More information on Special Needs Plans statutory and regulatory history is available at: (https://www.cms.gov/Medicare/Health-Plans/SpecialNeedsPlans/index.html?redirect=/specialneedsplans).

Since enactment of the Affordable Care Act (ACA), all D-SNPs have been required to have contracts with state Medicaid agencies regarding the coordination and provision of Medicaid benefits. However, there are also a subset of D-SNPs created by the ACA known as Fully-Integrated Dual-Eligible SNPs (FIDE-SNPs), which are completely integrated Medicare-Medicaid plans. FIDE-SNPs have contracts to cover all or most of a state's Medicaid benefits, including long-term care and the coordination of the delivery of Medicare and Medicaid services. FIDE-SNPs are also required to coordinate or integrate Medicare and Medicaid processes for enrollment, appeals and grievances, quality, and related materials and communications. While many states have FIDE-SNPs as part or all of D-SNP options for dual-eligible beneficiaries, states vary regarding the structure and coordination of long-term care services and supports, in particular, in their respective Medicaid programs. Notably, 13 states also participate in the Financial Alignment Initiative for dual-eligible enrollees under the Centers for Medicare and Medicaid Innovation (CMMI), in addition to the D-SNP/FIDE-SNP options.[2] In sum, the landscape of options and widely varying structure of states' delivery of both behavioral and long-term care services and supports has been a complicating factor for fully integrating the care experience for beneficiaries.

There are over 2.3 million beneficiaries enrolled in nearly 600 SNPs nationwide, representing four percent of total Medicare beneficiaries.[3] SNP enrollment varies significantly by type and location. The majority of beneficiaries with a SNP are enrolled in a D-SNP. While a large majority of Medicare beneficiaries have access to at least one type of SNP, beneficiary access to C-SNPs and I-SNPs is much more limited. Today, 377 D-SNPs serve over 1.9 million beneficiaries, 123 C-SNPs serve over 339,000 beneficiaries, and 83 I-SNPs serve over 65,000 beneficiaries.[4]

II. REAUTHORIZATION OF SPECIAL NEEDS PLANS

Special Needs Plans (SNPs), first created in 2003 by the MMA, were authorized at that time through 2008. SNPs were then extended as part of the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008. As part of that extension there was a requirement that all new or expanding D-SNPs to have contracts with state Medicaid agencies regarding coordination and provision of Medicaid benefits, among other provisions. This requirement was extended to existing D-SNPs by Section 3205 of the ACA effective 2013. The ACA also extended SNPs again through 2013. Since the ACA, SNPs have been extended four times, most recently in

[2] More information regarding the Financial Alignment Initiative is available at: (https://innovation.cms.gov/initiatives/Financial-Alignment/).

[3] The Medicare Payment Advisory Commission, *A Data Book: Health Care Spending and the Medicare Program, Section* 9 – *Chart 9-9* (June 2017) (http://medpac.gov/docs/default-source/data-book/jun17_databookentirereport_sec.pdf?sfvrsn=0.

[4] Better Medicare Alliance, *Medicare Advantage Special Needs Plans* (June 2017) (http://bettermedicarealliance.org/sites/default/files/BMA_OnePager_SNP.pdf).

Section 206 of the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015, which extended the SNP program through December 31, 2018.[5]

The discussion draft that is the subject of this legislative hearing is largely based on H.R. 3168, the Special Needs Plans Reauthorization Act. H.R. 3168 was reported out of the House Committee on Ways & Means on July 13, 2017. Building on previous bipartisan efforts in the Senate Committee on Finance and the House Committee on Ways & Means, the draft before the Committee is intended to solicit feedback from the wide array of Medicare and Medicaid stakeholders.

SNP reauthorization discussions have largely focused on the duration of reauthorization, with some calling for permanency of the authorization of all types of SNPs, and others calling for a longer, but still expiring, reauthorization of certain SNPs as integration of D-SNPs, in particular, continues. Other discussions have focused on the Medicare Payment Advisory Commission's (MedPAC) recommendations for both C-SNPs and D-SNPs, [6]and on how best to reach the goal of fully integrating services for dually-eligible beneficiaries in D-SNPs with differing state Medicaid programs.

In the absence of congressional action, SNPs will not be terminated, but they will have to operate as other MA plans in which all beneficiaries are eligible to enroll, not just beneficiaries with special needs.

III. WITNESSES

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[5] Prior extensions to MACRA included Section 607 of the American Taxpayer Relief Act of 2012 (ATRA), Section 1107 of the Bipartisan Budget Act of 2013 (BBA), and Section 107 of the Protecting Access to Medicare Act of 2014.

[6] MedPAC, *Report to the Congress: Medicare Payment Policy, Chapter 14, Medicare Advantage Special Needs Plans* (March 2013) (http://www.medpac.gov/docs/default-source/reports/chapter-14-medicare-advantage-special-needs-plans-march-2013-report-.pdf?sfvrsn=0).