Medicare Marketplace and Future Trends

2021-2022

Presented By:

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Flexible Benefit Service LLC

FLEX

Who is Flex?

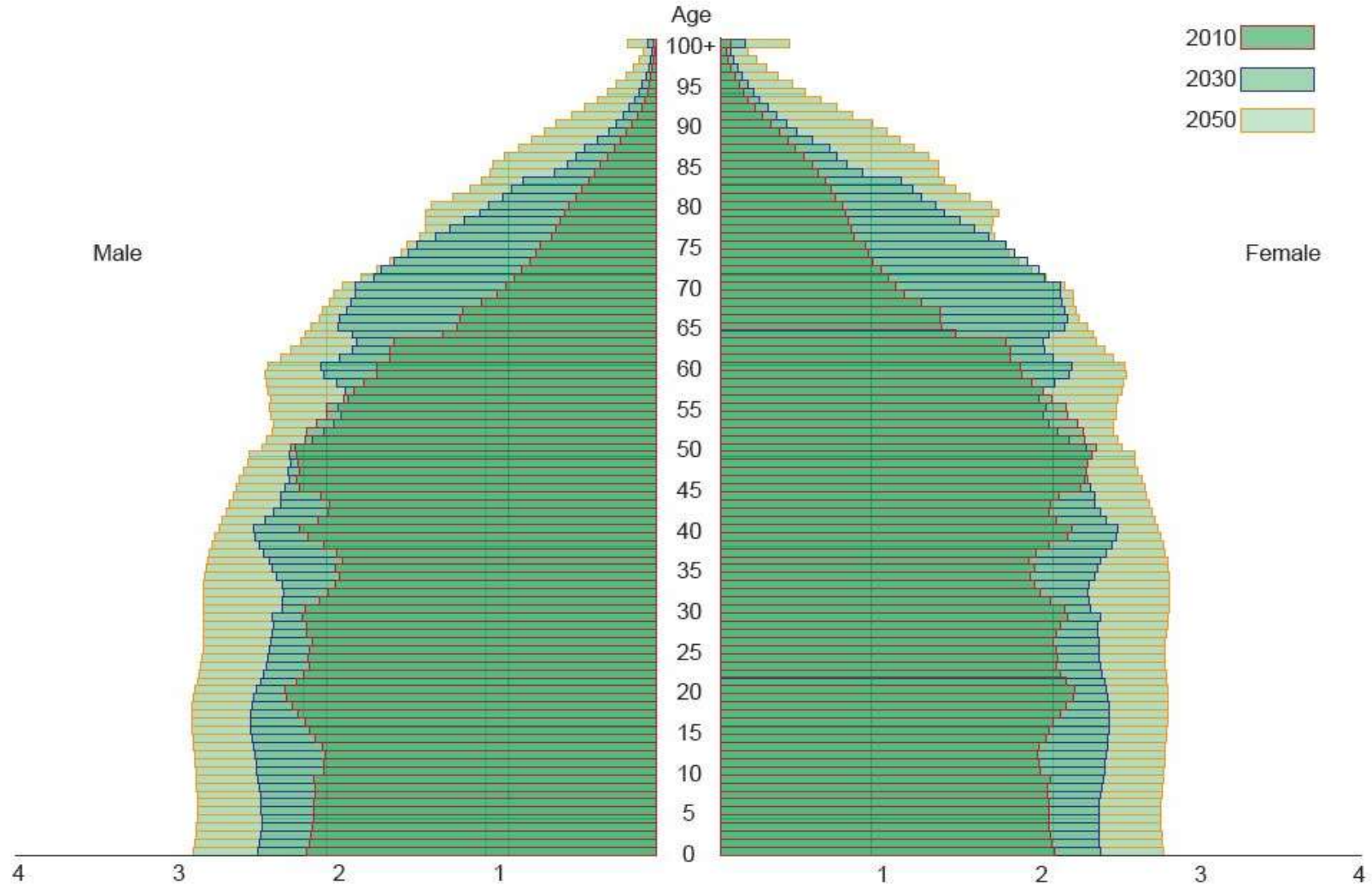
- ✔ Benefits experts since 1988
  - Headquartered in Chicago, Illinois
- ✔ General Agency
  - Medical & Ancillary Benefits
- ✔ Benefits Administrator
  - Consumer-Driven Health Plans
  - Compliance Services

US Population Projections

Figure 6. Age and Sex Structure of the Population for the United States: 2010, 2030, and 2050

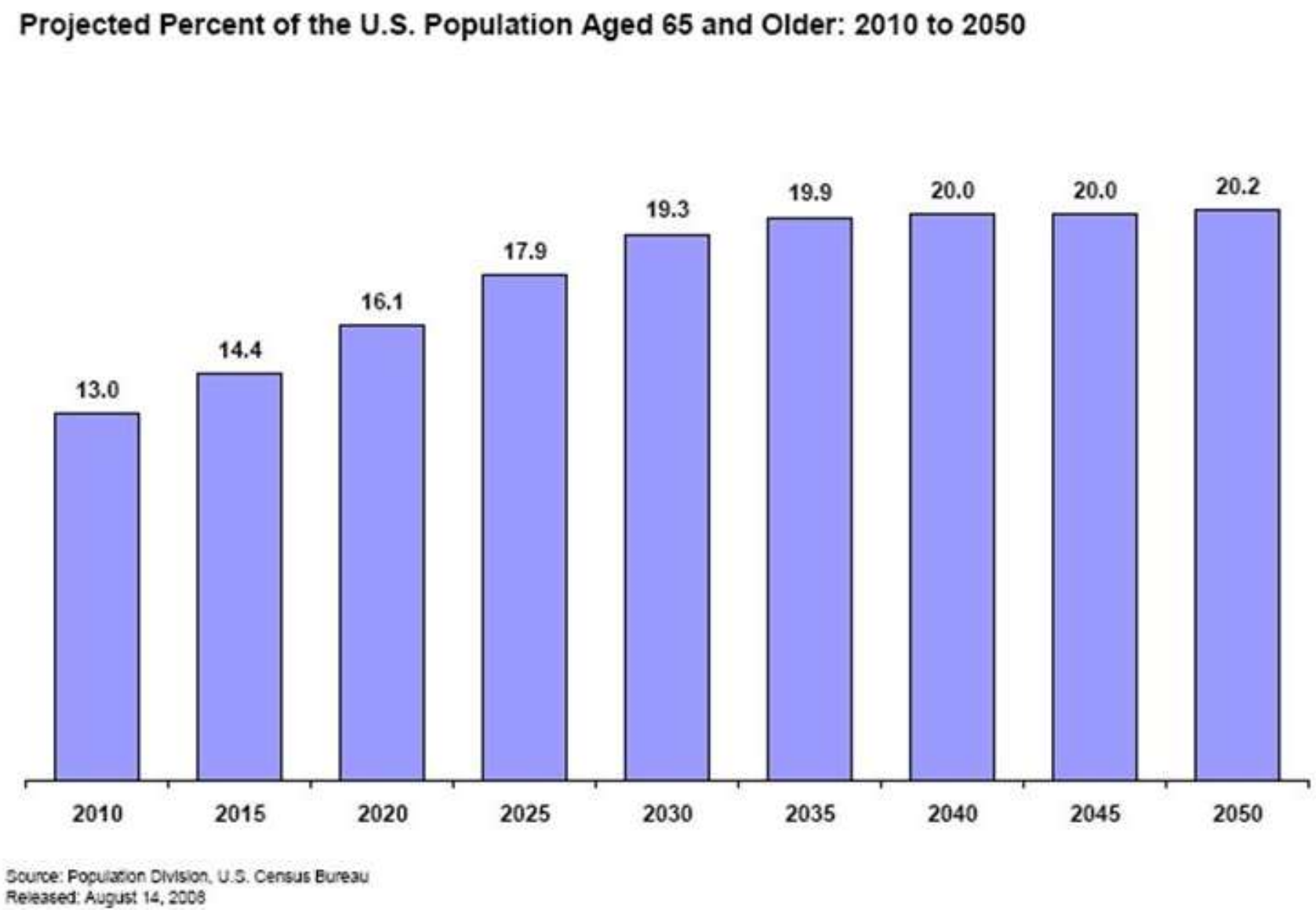
2008 National Projections

(In millions)



Source: U.S. Census Bureau, 2008.

US Population Projections



Medicare Spending: Projections vs. Reality

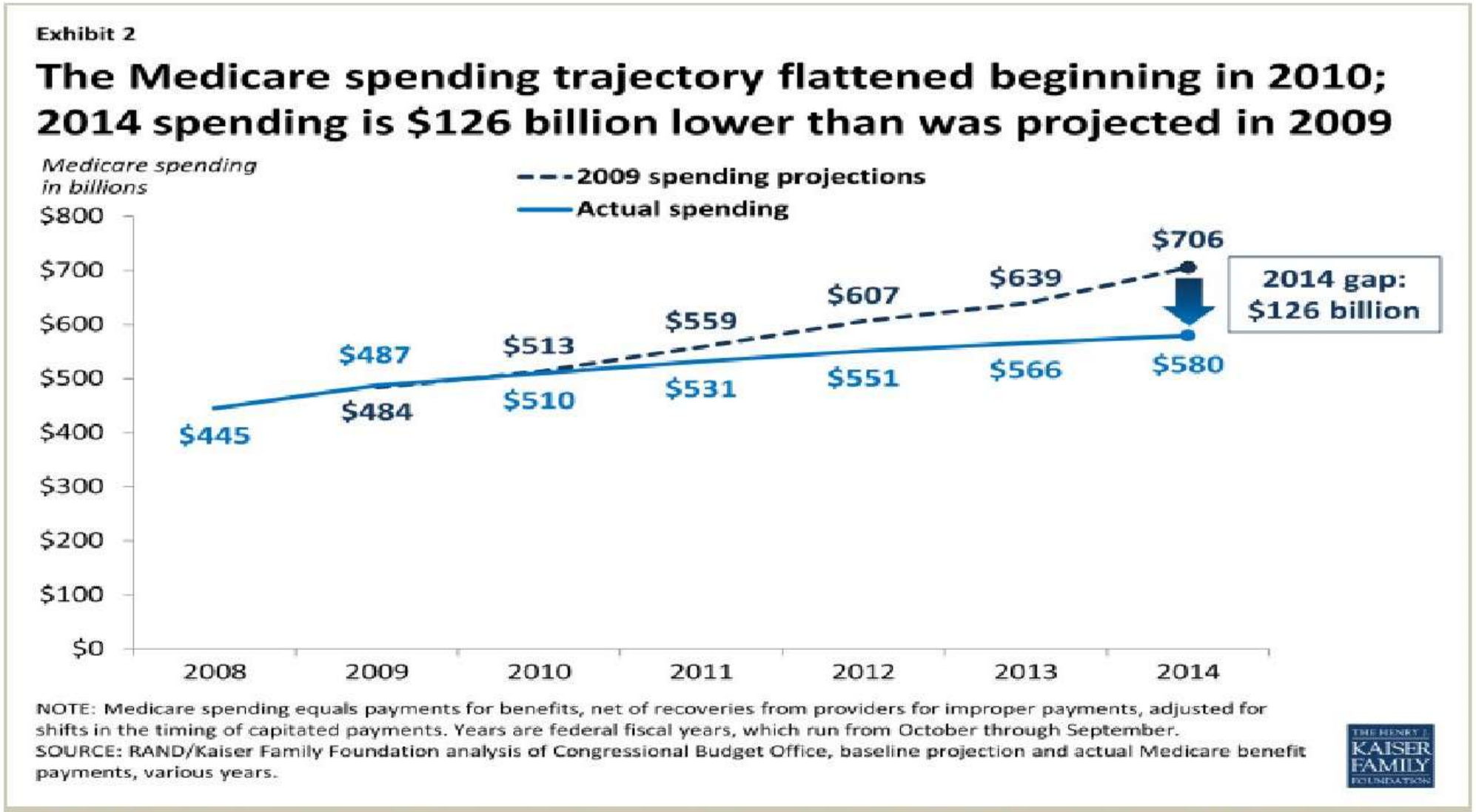
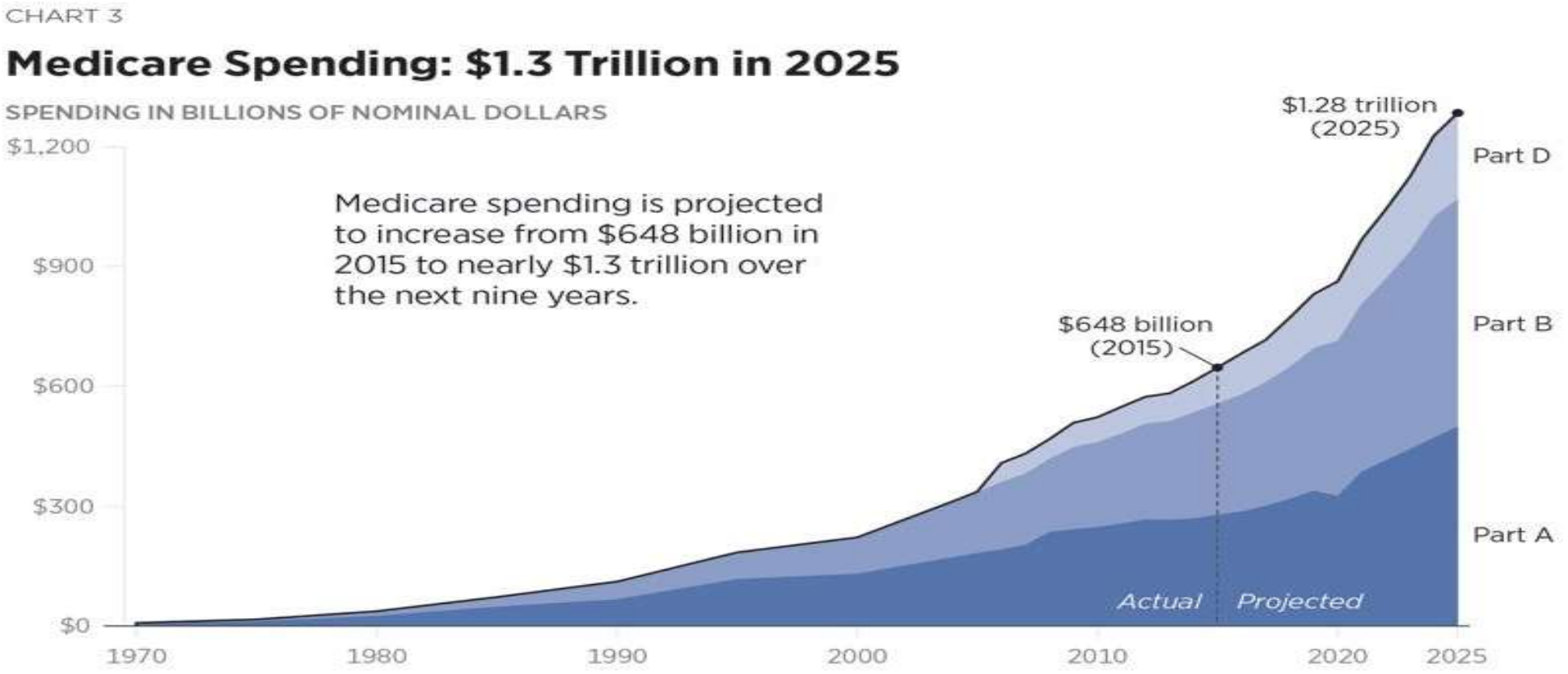


Exhibit 2: The Medicare spending trajectory flattened beginning in 2010; 2014 spending is $126 billion lower than was projected in 2009

Medicare Spending: Projections vs. Reality



SOURCE: Centers for Medicare and Medicaid Services, "2016 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," Table III.B4, p. 56, Table III.C4, p.88, Table III.D3, p. 107, and Table V.B1, p. 180, June 22, 2016, https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/TR2016.pdf (accessed July 20, 2016).

SR 185 heritage.org

Figure 2

Assets in the Medicare Hospital Insurance Trust Fund are Gradually Being Depleted

NOTE: HI is Hospital Insurance. Amounts in billions.

SOURCE: KFF analysis of data from the 2020 Annual Report of the Boards of Trustees, Federal Hospital Insurance and Federal Supplementary Medical Trust Funds, April 2020.

KFF

MEDICARE TRUST FUND HISTORY – PROJECTIONS OF DEPLETION

Insolvency Projected

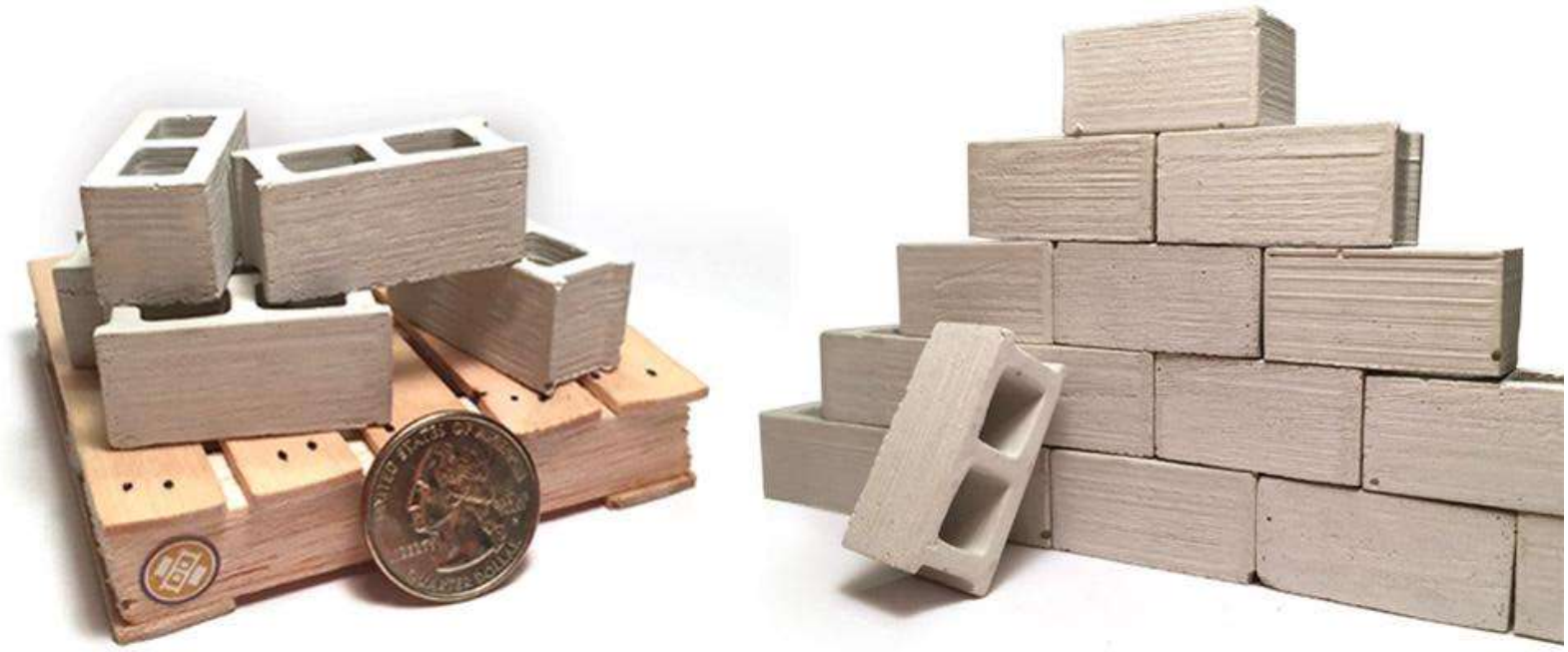
- 1996 (5 years)
- 1997 (4 years)
- 2021 (5 years)

Insolvency Unlikely

- 2000 (25 years)
- 2001 (28 years)
- 2002 (28 years)
- 2003 (23 years)
- 2010 (19 years)
- 2014 (16 years)
- 2015 (15 years)

Source: Kaiser Family Foundation and CBO Trust Fund Projections for 2021

Building Blocks and Associated Trends



Part B

Income Modified Based on 2017

Individual Income	You Pay
$85,000 or less	$109 **or** $134
$85,000 to $107,000	$187.50
$107,000 to $160,000	$267.90
$160,000 to $214,000	$348.30
$214,000 +	$428.60

Joint return, Double income same you pay

✔ Who paid $109.00 in 2017?

Beneficiaries who:

- Are enrolled in Medicare Part B but are not collecting Social Security benefits in 2016
- Enroll in Part B for the first time in 2017.

Source: Medicare and You 2014. www.Medicare.gov.

Hold Harmless Rule

- ✔ As the Social Security Administration announced, there was no Social Security cost of living increase for 2017.
  - As a result, by law, most people with Medicare Part B will be "held harmless" from any increase in premiums in 2017 and will pay the same monthly premium as last year, which is $109.00

- ✔ Medicare Part B beneficiaries not subject to the "hold-harmless" provision are those (the ones who pay 134.00 in this example)
  1) Not collecting Social Security benefits,
  2) Those who will enroll in Part B for the first time in 2017,
  3) Dual eligible beneficiaries who have their premiums paid by Medicaid,
  4) Beneficiaries who pay an additional income-related premium.

- ✔ These groups account for about 30 percent of the 52 million Americans expected to be enrolled in Medicare Part B in 2017.

Was there a Hold Harmless Adjustment in 2020 or 2021?

- ✔ The Social Security Administration announced that the cost-of-living adjustment (COLA) for 2020 was 1.6%. For 2021 it was 1.3%
- ✔ The COLA is the mechanism that keeps Social Security benefits in line with inflation. As the cost of living increases, so do Social Security benefits.
- ✔ For 2020, the COLA increase is likely to be enough to cover the expected increase in the Medicare standard Part B premium. The COLA will increase the average Social Security benefit by about $32 dollars a month in 2020 and about $20 in 2021.

The Hoop Exercise

- ✔ Home Health Services
  - Limited to medically-necessary and must be homebound to receive skilled nursing care, physical and occupational therapy as well as speech-language pathology. It includes Durable Medical Equipment and intermittent home health aide services. *You must be homebound.*

- ✔ Skilled Nursing Facility Care
  - After 3-day minimum inpatient hospital stay for related illness or injury. It must be skilled care and condition must continue to improve.

- ✔ NAHU and recent legislative efforts to change this (next slide)

Source: Medicare and You 2014. www.Medicare.gov.

Skilled Nursing Facility Care

- ✔ Rep. Jim Renacci (OH) introduced a bill to amend title XVIII of the Social Security Act to eliminate the 3-day prior hospitalization requirement for Medicare coverage of skilled nursing facility services in qualified skilled nursing facilities, and for other purposes..
- ✔ H.R. 290 Creating Access to Rehabilitation for Every Senior (CARES) Act.
- ✔ The CARES Act will enhance access to quality care for our nation's seniors by protecting the doctor-patient relationship and removing barriers to their health care." **Seniors many times are unaware of their inpatient or outpatient status while in the hospital and, as a result, are often left on the hook for thousands of dollars in medical bills after their SNF stay**.
- ✔ Eliminating the three-day stay requirement is not only supported by seniors, it is also supported by medical professionals throughout the country

C.A.R.E.S. Act Status update

No movement since June 2017 – up to date as of June 2021

https://www.congress.gov/bill/115th-congress/house-bill/1215

OBSERVATION STATUS

- Bipartisan Bill H.R. 3650
- Relief for those not hitting two midnight rule on Skilled Nursing/Rehabilitation

H.R.3650 - To amend title XVIII of the Social Security Act to count a period of receipt of outpatient observation services in a hospital toward satisfying the 3-day inpatient hospital stay requirement for coverage of skilled nursing facility services under Medicare, and for other purposes.

117th Congress (2021-2022) | Get alerts

BILL Hide Overview ✕

Sponsor: Rep. Courtney, Joe [D-CT-2] (Introduced 06/01/2021)

Committees: House - Ways and Means; Energy and Commerce

Latest Action: House - 06/01/2021 Referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. (All Actions)

Tracker:

Introduced | Passed House | Passed Senate | To President | Became Law

Operation Shout!

Bipartisan companion legislation has been offered in the U.S. Senate to address Medicare's "two midnight" policy; S. 2048, Improving Access to Medicare Coverage Act. Many Medicare beneficiaries are classified as being on "observation," which can result in significantly higher claims and prevent Medicare coverage from being applied for nursing home care for patients who do not have a 3-day inpatient hospital stay. This bill has bipartisan sponsors in Senators Sherrod Brown (D-OH), Susan Collins (R-ME), Sheldon Whitehouse (D-RI), and Shelley Moore Capito (R-WV). This bill would allow observation stays to be counted toward the three-day mandatory inpatient stay for Medicare coverage of a skilled nursing facility (SNF). CMS has temporarily suspended this rule due to the pandemic; it is time to end it for good.

21st Century Cures Act

- ✔ Amended the Social Security Act to allow all Medicare-eligible individuals with ESRD to enroll in MA plans beginning January 1, 2021.

- ✔ *Medicare Advantage plans will continue not using the two-midnight rule with respect to inpatient services. This keeps providers in a poor position and places upon them a large burden in respect to patient status designation. While it is improper for providers to make medical decisions or render services to similarly situated beneficiaries based on financial or insurance consequences, there is the question of how CMS expects providers to comply with the objective time-based two-midnight rule under Original Medicare and the subjective Medicare Advantage plans' "reasonable and medically necessary" standard.*

- ✔ This is an issue that has been ongoing since the implementation of the two-midnight rule and is something that CMS should address.

https://www.cms.gov/newsroom/fact-sheets/2021-medicare-advantage-and-part-d-advance-notice-part-ii-fact-sheet-0
https://acdis.org/articles/news-2021-opps-proposed-rule-eliminates-inpatient-only-list

New in 2021 MA ESRD Coverage Requirements

- ✔ Overall, more than 500,000 Medicare beneficiaries have End-Stage Renal Disease (ESRD)
- ✔ Most Medicare beneficiaries with ESRD currently are required to receive coverage through Traditional Fee-for Service (FFS) Medicare.
- ✔ Medicare spends considerably more on beneficiaries with ESRD compared to other enrollees.

https://www.cms.gov/newsroom/fact-sheets/2021-medicare-advantage-and-part-d-advance-notice-part-ii-fact-sheet-0

Medicare Advantage Plans Proliferation in 2019, Increasing Competition

- ✔ Medicare Advantage competition increased significantly for plan year 2019 as over **400** new options hit an already-crowded market.

  Data sourced from Kaiser Family Foundation (KFF)

- ✔ More than **2700** different MA plans were available Nationwide in 2019, forcing Carriers to differentiate their offerings and include new benefits that can attract and retain choosy consumers.

https://healthpayerintelligence.com/news/medicare-advantage-plans-proliferate-in-2019-raising-competition

Medicare Advantage Plans Proliferation in 2019, Increasing Competition

- ✔ MA beneficiaries each had access to an average of 24 health plan options in 2019, (three more than in 2018).
- ✔ 9 out of 10 beneficiaries had the option to enroll in a $0 premium MAPD plan,

https://healthpayerintelligence.com/news/medicare-advantage-plans-proliferate-in-2019-raising-competition

D-SNP Expansion

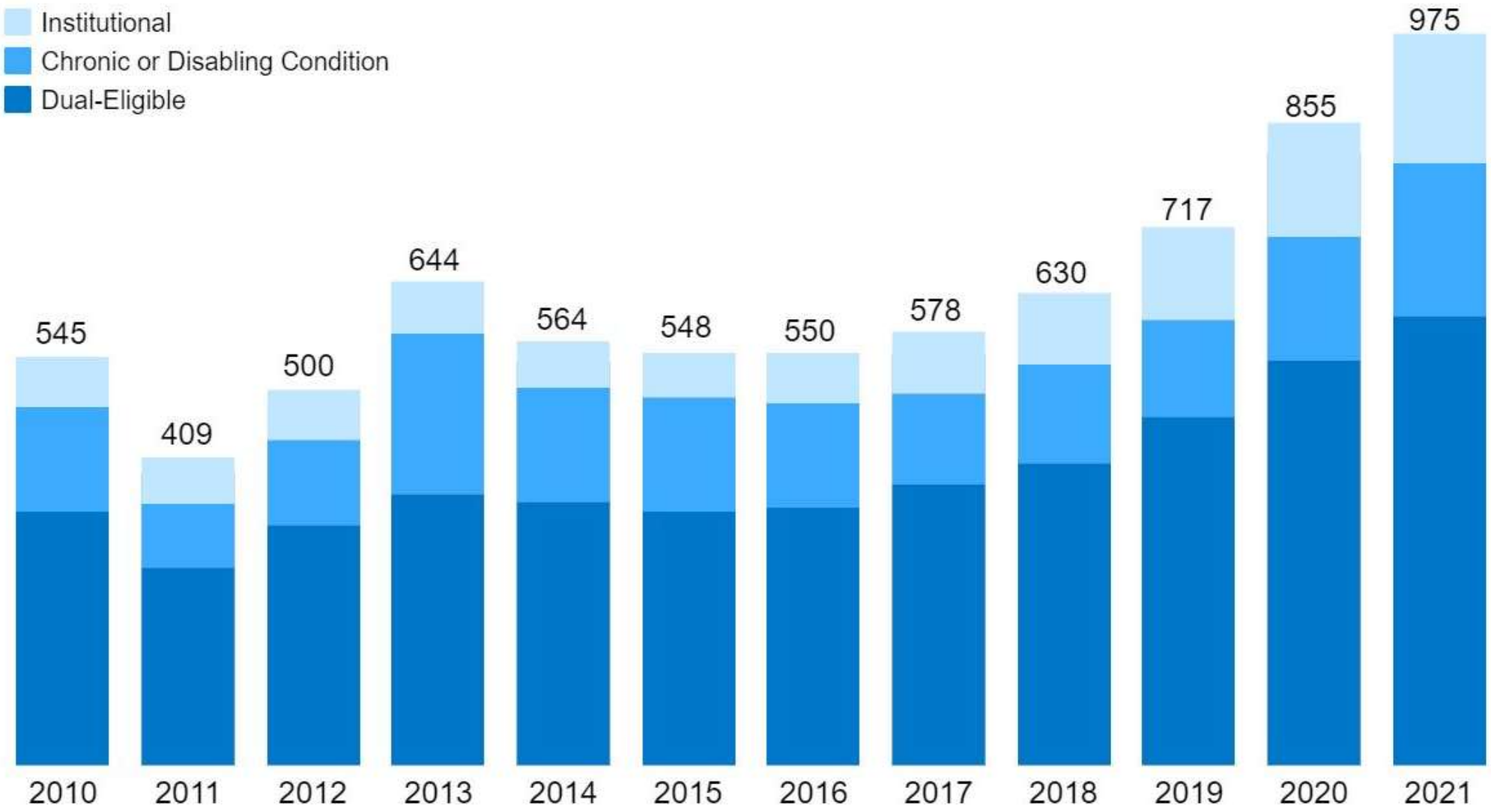
Figure 12

Number of Beneficiaries in Special Needs Plans, 2006-2019
(in millions)

NOTE: Numbers may not sum to the total due to rounding. Includes enrollment in Puerto Rico.
SOURCE: Kaiser Family Foundation analysis of CMS Medicare Advantage Enrollment Files, 2006-2019.

KFF

Number of Special Needs Plans (SNPs), by plan type, 2010-2021



Medicare Advantage Plans Proliferation in 2019, Increasing Competition

- ✔ In 2019, 14 Carriers entered the MA market for the first time. Seven Carriers offered HMO plans, eight are offered at least one SNP, and one offered a local PPO plan.

- ✔ Five MA insurers exited the MA market in 2019, including those offering small health plans sponsored by local community and religious groups.

https://healthpayerintelligence.com/news/medicare-advantage-plans-proliferate-in-2019-raising-competition

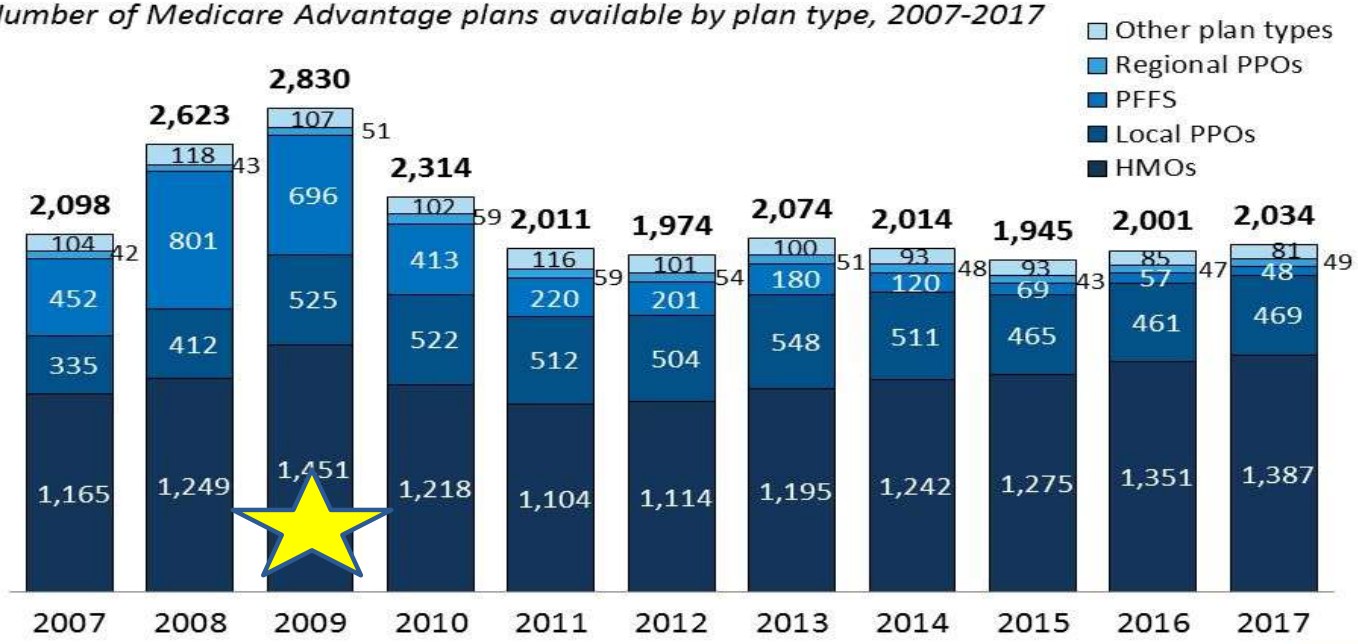
Medicare Advantage (MA)

2,034 plans were available nationwide in 2017
2,700 were available in 2019

Figure 1

Since 2011, the total number of Medicare Advantage plans available has been relatively stable

Number of Medicare Advantage plans available by plan type, 2007-2017



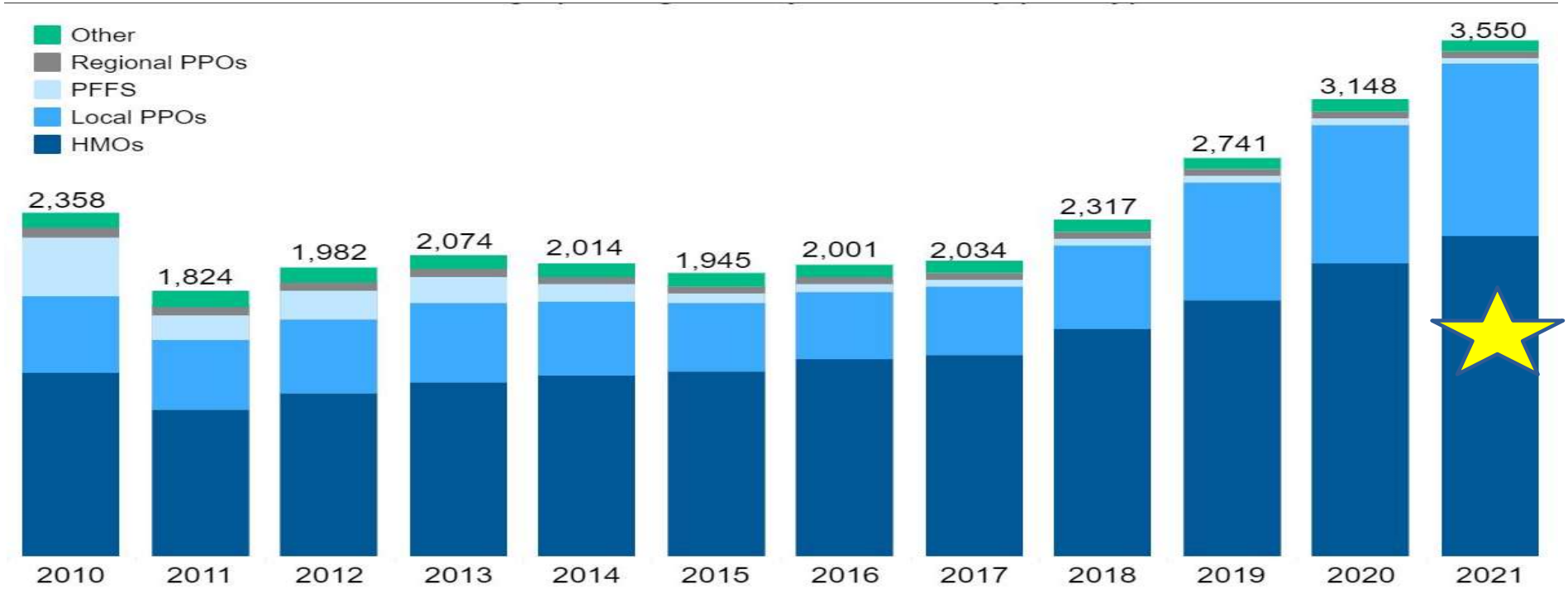
2,700 in 2019

NOTE: Excludes SNPs, employer-sponsored (i.e., group) plans, demonstrations, HCPPs, PACE plans, and plans for special populations. Other category includes cost plans and Medicare MSAs.
SOURCE: Authors' analysis of CMS's Landscape Files for 2007 – 2017.

THE HENRY J. KAISER FAMILY FOUNDATION

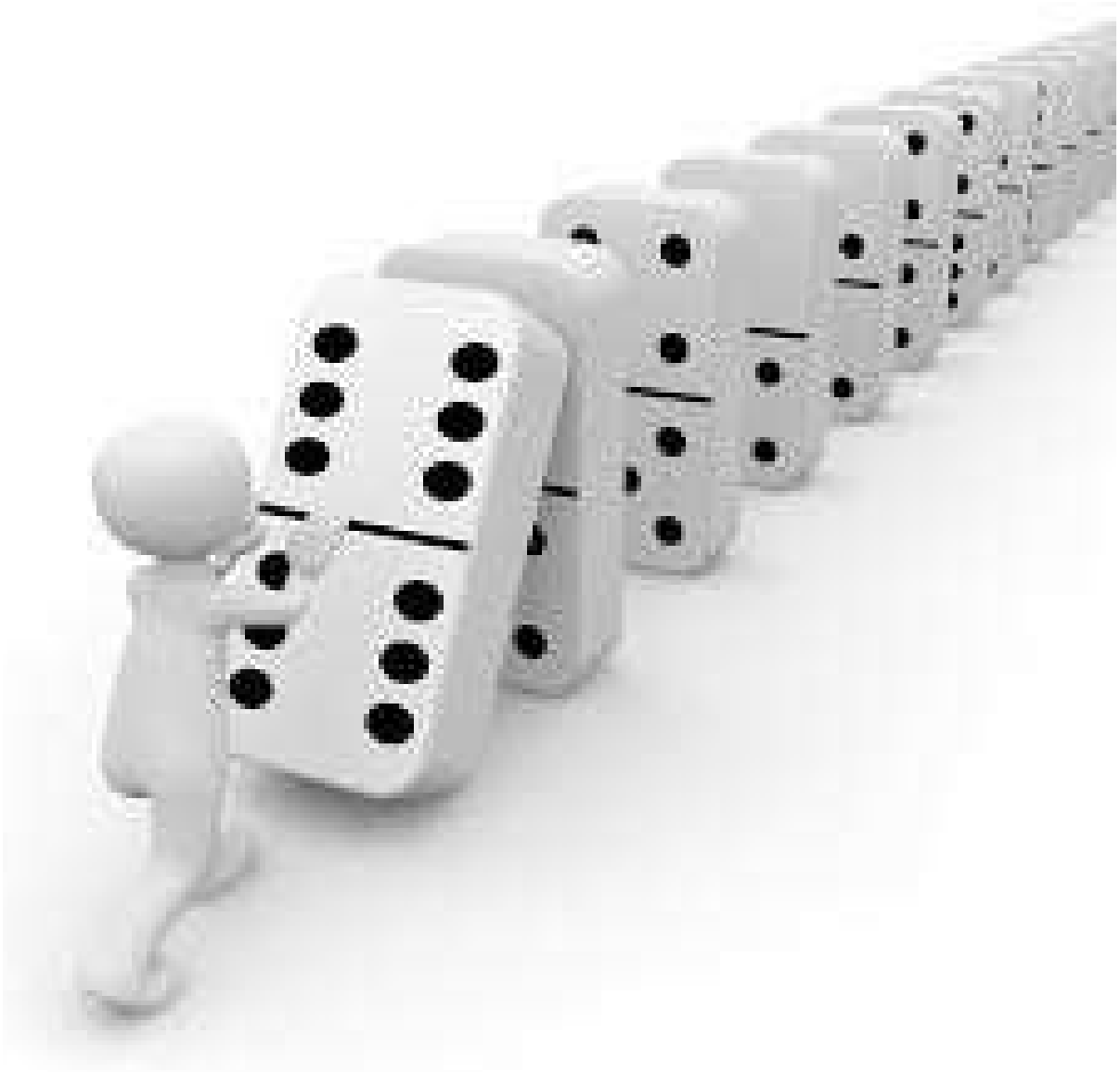
Medicare Advantage (MA)

3,550 are available in 2021 –
That's more MA plans than in ANY other Year!



NOTE: Excludes SNPs, EGHPs, HCPPs, and PACE plans. Other category includes cost plans and Medicare MSAs. Numbers may differ from previous publications in cases where the Landscape File for the year was updated after initial publication.
SOURCE: KFF analysis of CMS's Landscape Files for 2010 – 2021.

Carrier Adoption of New Tools / Ideas



Examples….

- ✔ E-Scope
- ✔ E-App
- ✔ Household Discounts
- ✔ Cash for Apps
- ✔ Fast Start Promos

The Impact of MACRA on the Future of Plan Design and Rates

What Changes Have We Already Seen?

- ✔ Major focus on Plans G and N
- ✔ Continued focus on Underwritten business being the Battleground for the lowest Rates
  - Fast Start Promotions and Cash for apps promotions are much more heavily weighed to reward UW business rather than OE or GI
- ✔ Shift in Rate structures
  - No more shooting for #1 lowest rate in the quoting tools, now its be just a little lower than the **“lowest named”** competitor.
- ✔ Plan Innovations – next slide

Innovative Plan F – Plan F Extra – Innovative F HDG, HDF, Innovative G etc….

- ✔ The Medicare Supplement Innovative Plan F does not change the standardization of the Plan F, but simply offers - Additional benefits and services AKA "Value Adds"

- ✔ It covers all the benefits offered by traditional Plan F but also includes Vision and Hearing benefits, Gym memberships, discounts and more.

- ✔ An example of what I think is one of the most noteworthy addition to Innovative F is a $750 hearing aid benefit. Lets look on the next slide.

Everything including the Kitchen Sink…

Medicare Supplement Innovative Plan F benefits can include, but not limited to:

- ✔ 24-hour Nurse Hotline
- ✔ Annual Physical Exam
- ✔ Dental Care
- ✔ Vision Care
- ✔ Annual Hearing Exam
- ✔ Drug Discount Card
- ✔ Gym Memberships
- ✔ Chiropractor discounts
- ✔ Acupuncture Discounts

Actual Innovative Plan F available now.

Vision Details

Here is what is covered:

- ✔ Routine Eye Exam (with dilation as needed) once every 12 months. You pay $25 for this benefit.
- ✔ $100 Eyeglass Frames Allowance toward new frames once every 24 months. You pay any cost over $100.
- ✔ Lenses: (once every 12 months). You pay a $25 copay.
- ✔ $100 allowance for Contact Lenses (in place of eyeglass lenses) once every 12 months. You pay all costs over $100.

Innovative F Hearing Details

- ✔ This coverage provides an annual hearing exam and hearing aid(s).
- ✔ Hearing Exam – Coverage for one routine hearing exam every 12 months.
- ✔ $750 allowance towards Hearing Aids – Includes fitting evaluation for a hearing aid(s).

Innovative F Other benefits

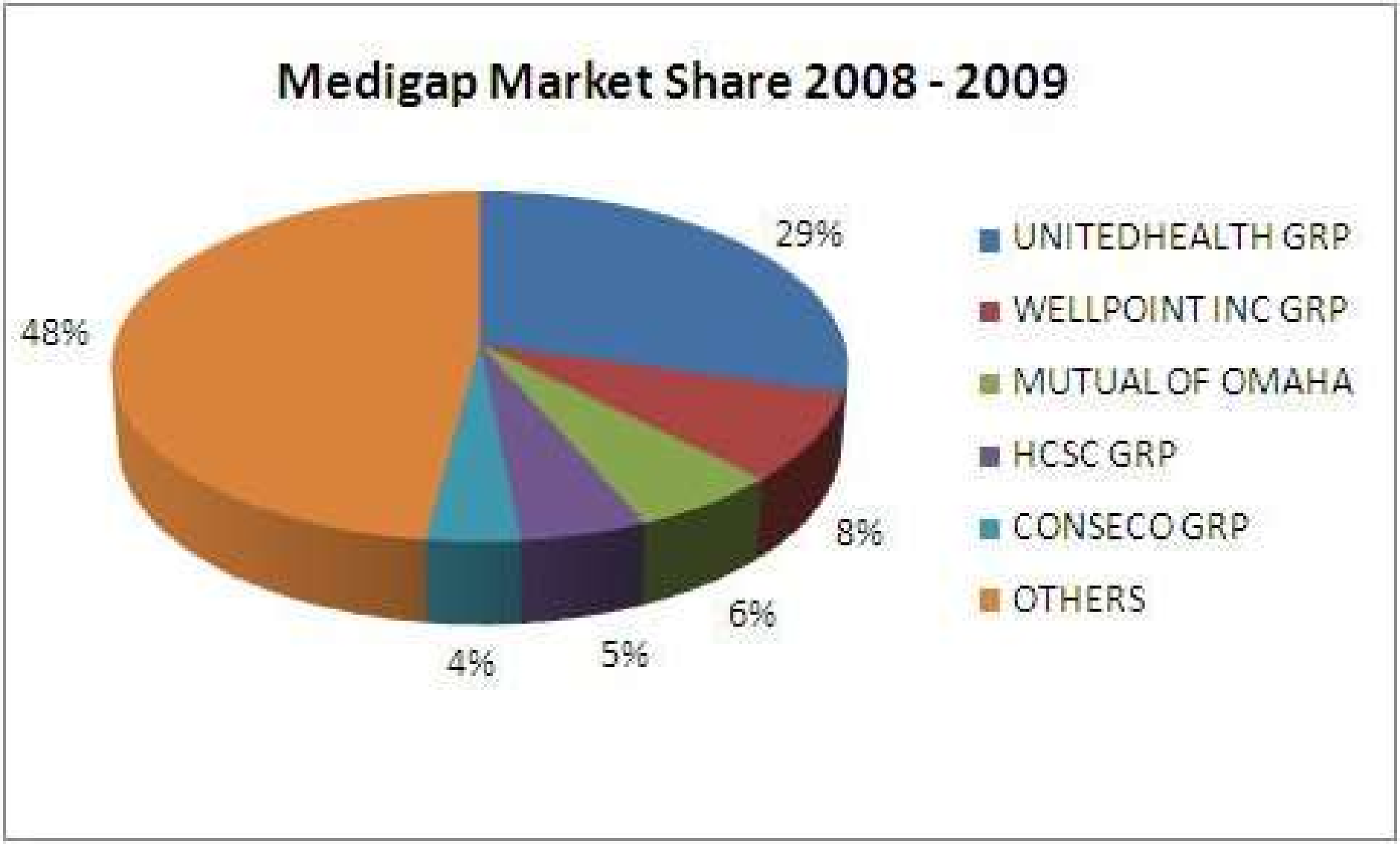
- ✔ Silver Sneakers Gym Program
- ✔ Welcome to Medicare Discount (New to Medicare get $20 off each month for first year)
- ✔ 24 Hour Nurseline
- ✔ Rate Locks
- ✔ Household discount for spouse/partner
- ✔ Autopay discount
- ✔ Optional Dental

Distribution Changes

Medicare Distributions are Changing

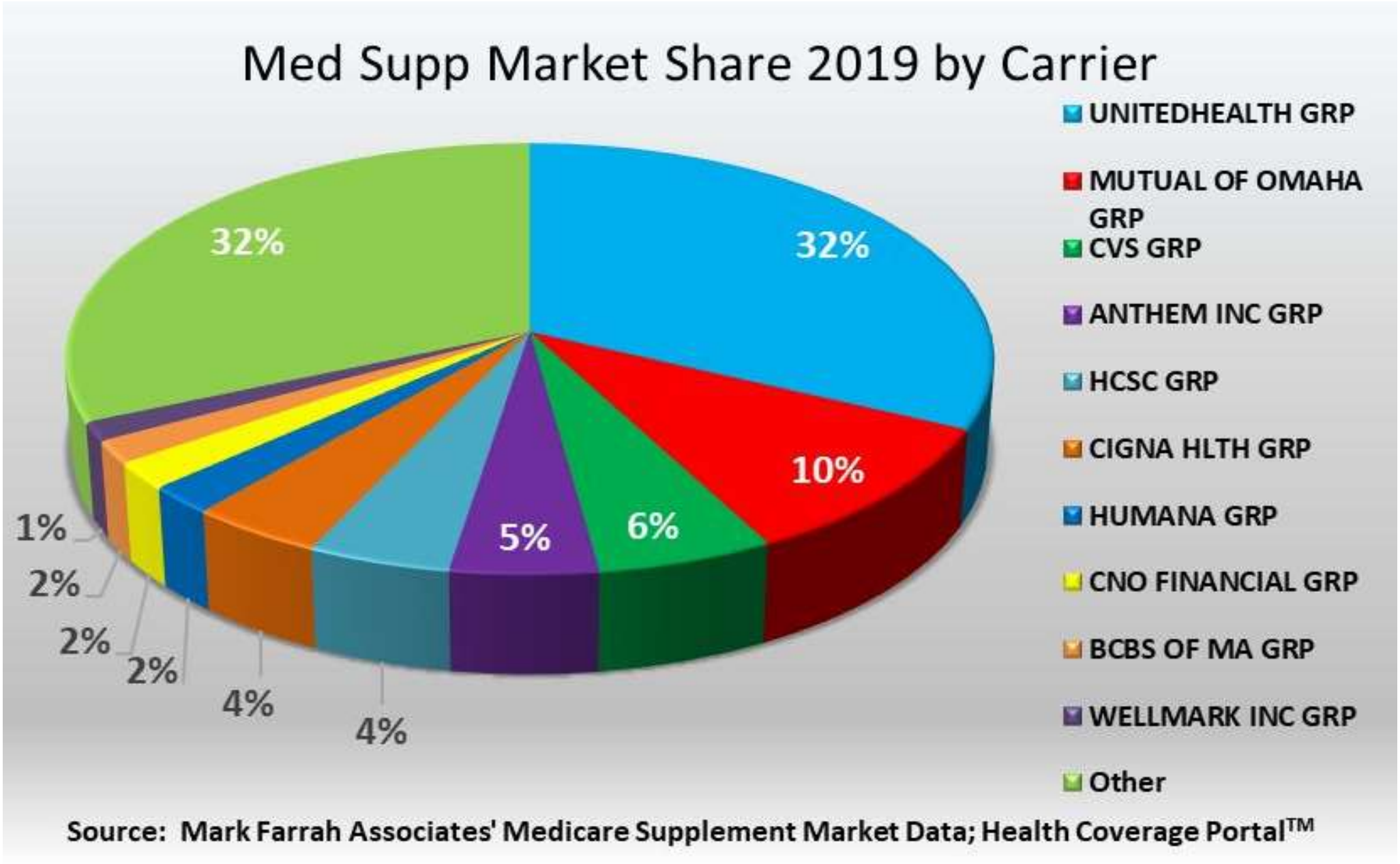
- ✔ Venture Capitalists purchasing smaller FMO's
- ✔ Large and Small call centers entered the market
- ✔ E-app and Consumer-facing enrollment usage is growing significantly
- ✔ Amazon getting into the Pharmacy business?
- ✔ Drones ??? Seriously ???

Med Supp Expansion 2008



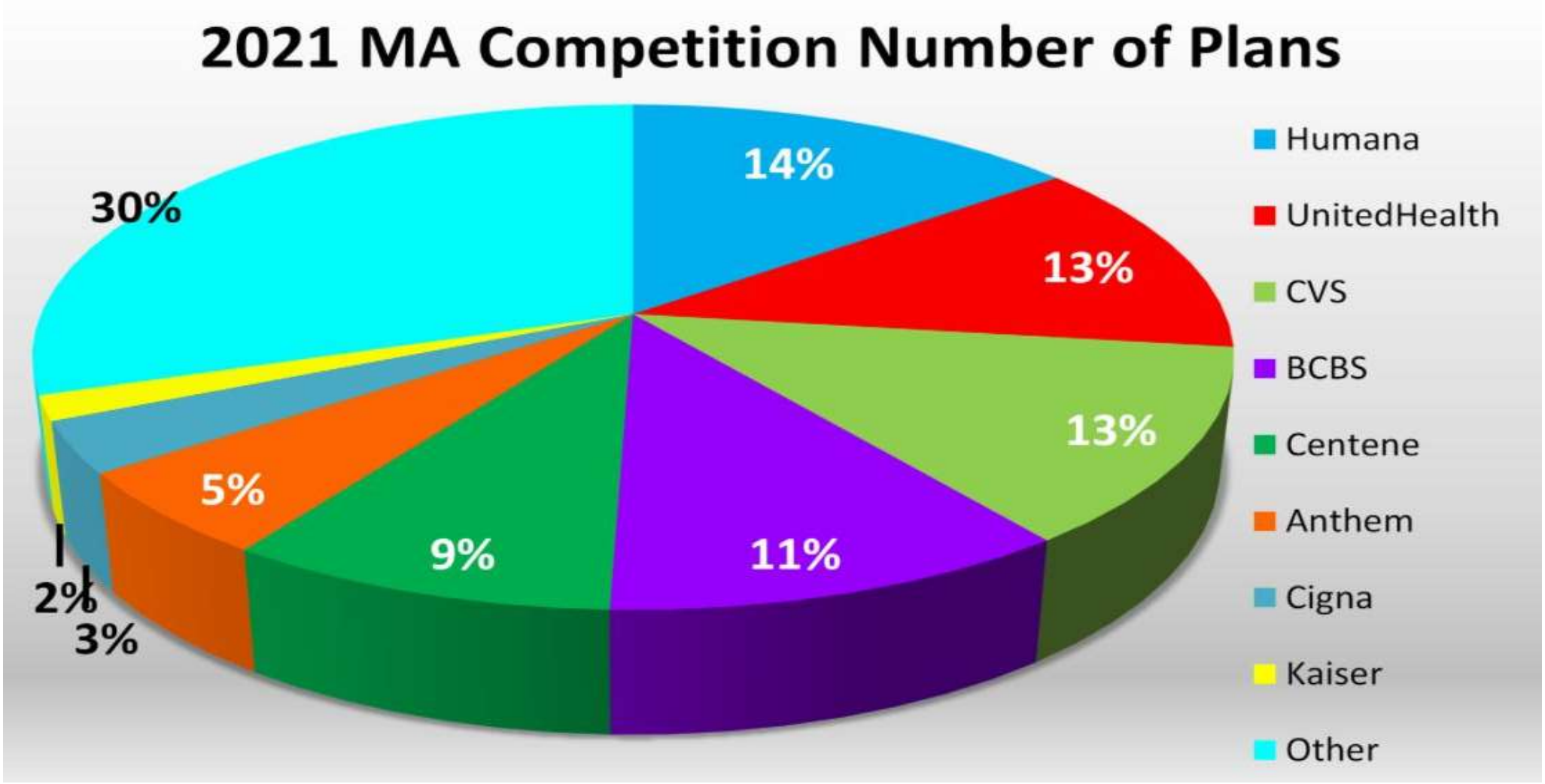
http://www.markfarrah.com/healthcare-business-strategy/New-Medicare-Opportunities-with-Medigap.aspx

Med Supp Expansion 2019



Source: Mark Farrah Associates' Medicare Supplement Market Data; Health Coverage Portal™

MA Expansion 2021

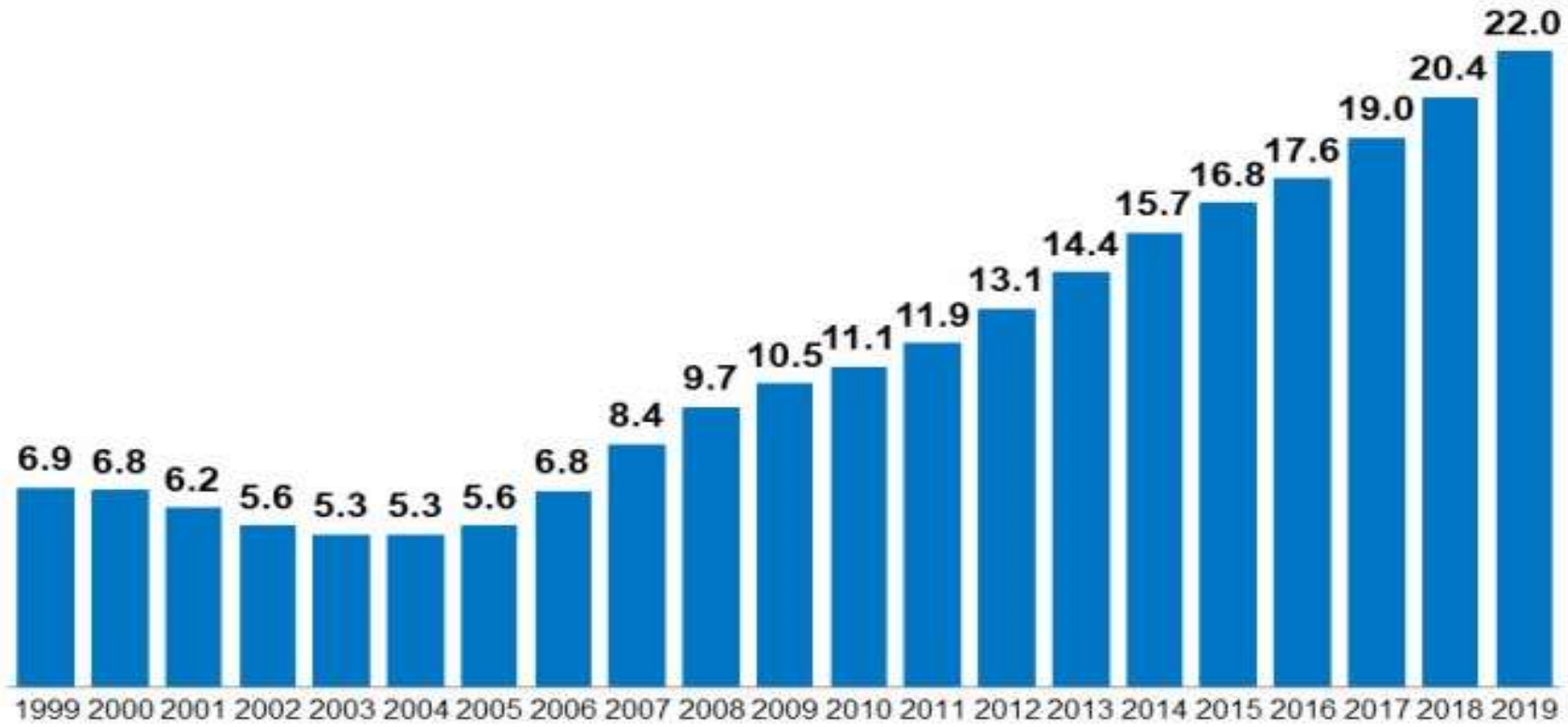


https://www.markfarrah.com/mfa-briefs/medicare-market-competition-for-2021/

MA Trend

Figure 1

Total Medicare Advantage Enrollment, 1999-2019
(in millions)



NOTE: Includes cost plans as well as Medicare Advantage plans. About 64 million people are enrolled in Medicare in 2019.
SOURCE: Kaiser Family Foundation analysis of CMS Medicare Advantage Enrollment Files, 2008-2019, and MPR, 1999-2007; enrollment numbers from March of the respective year, with the exception of 2006, which is from April.

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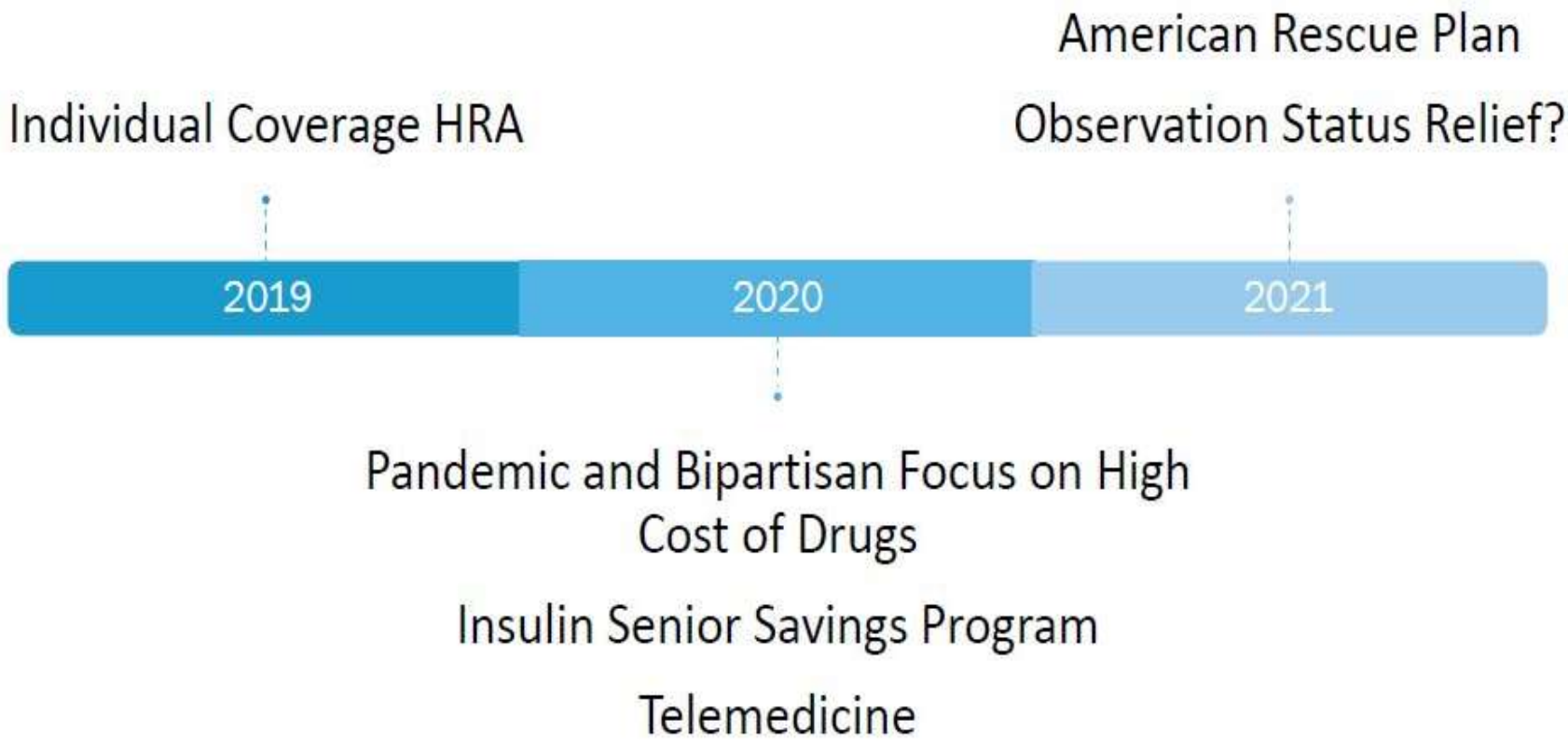
MAJOR CHANGES SHAPING HEALTHCARE



INSULIN SENIOR SAVINGS PROGRAM

- Insulin copays capped at $35 during Deductible, Initial Coverage, Cover Gap and Catastrophic phases (participating plans)
- Nearly all major insulin brands are $35 if on formulary for the participating plan
- Many 2021 Part D and MAPD plans are not participating

Who won – Who lost??

2021 PARTICIPATING PLANS

Carrier	Part D	MAPD
Humana	Humana Premier Rx	2,183
Cigna	Secure-Extra Rx Express Scripts Medicare Choice Express Scripts Medicare Saver	None
UHC	AARP MedicareRx Preferred	4,648

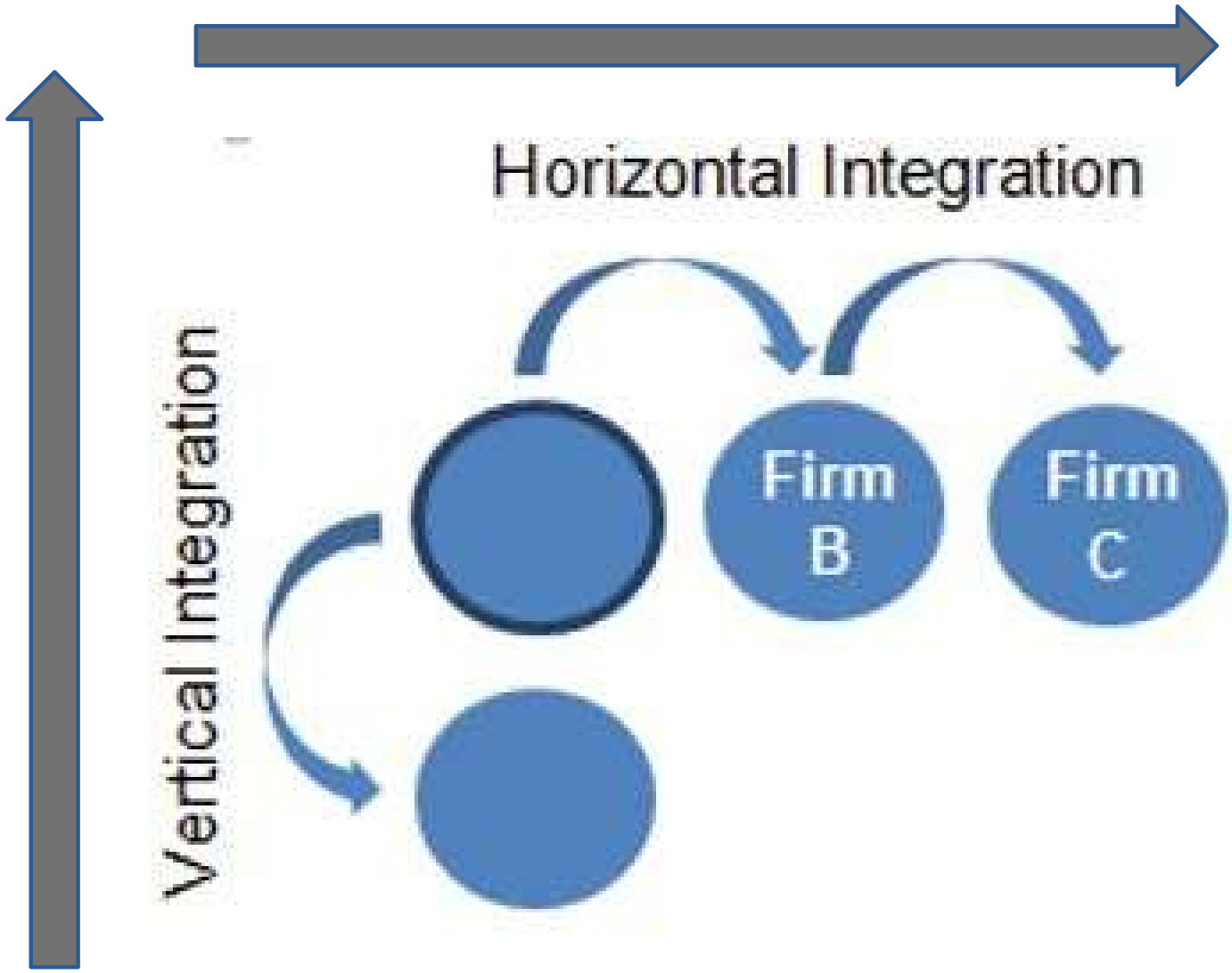
Who won – Who lost??

2021 PARTICIPATING PLANS

Carrier	Part D	MAPD
Aetna	None	12 (Florida)
Wellcare	Wellness Rx Wellcare Value Script Wellcare Medicare Rx Value Plus	212
MOO	MOO Rx Premier	N/A

Acquisitions, Mergers and Changes…

Vertical vs. Lateral Carrier Integration



Vertical vs Lateral Integration

- ✔ Department of Justice Lawsuit Denied Mergers

Denied

- Aetna and Humana
- Anthem and Cigna

Approved

- CVS and Aetna
- Humana and Walgreens
- UHC acquiring Davita

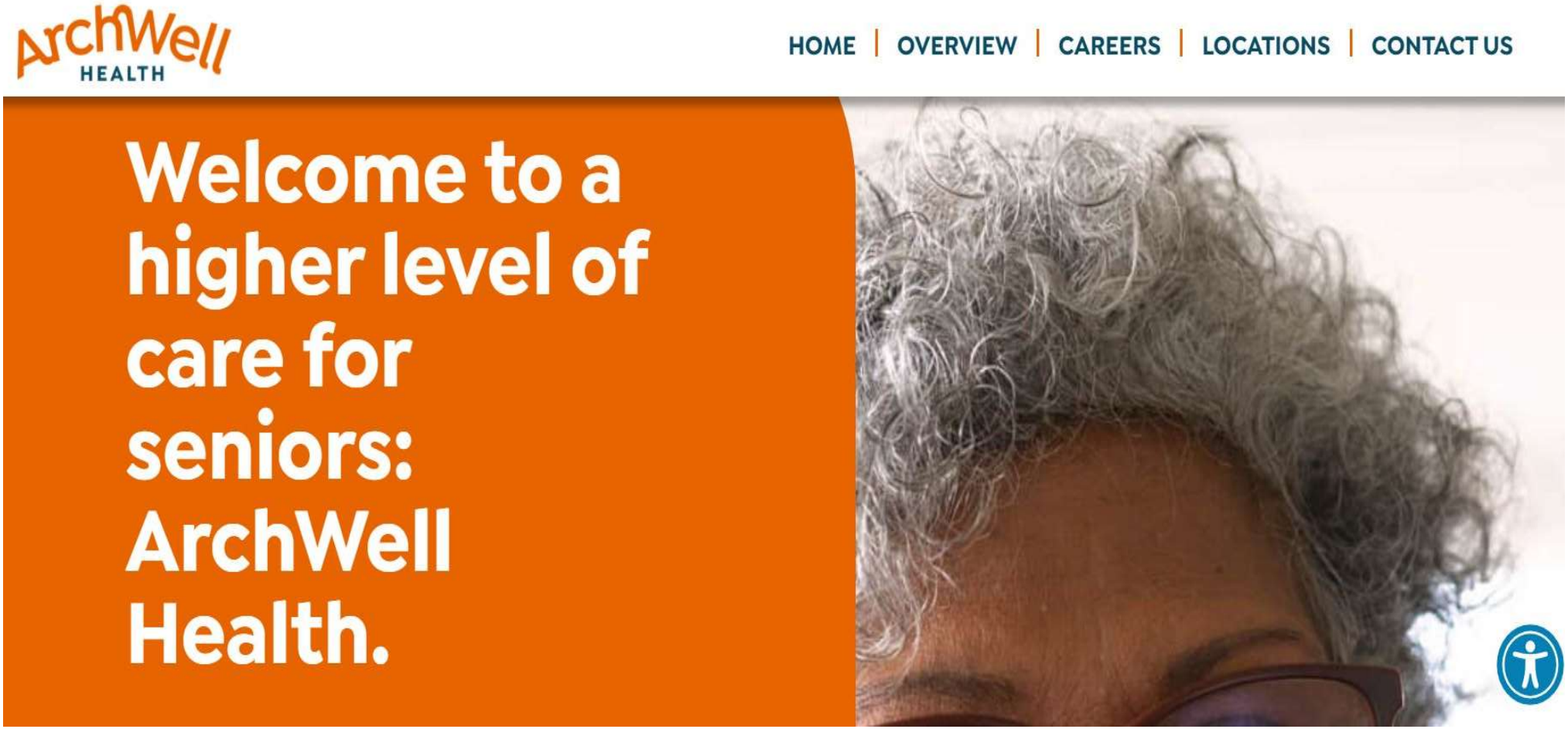
New Models of Healthcare

One Medical - Iora Health

Better Together

New Models of Healthcare

ArchWell Health



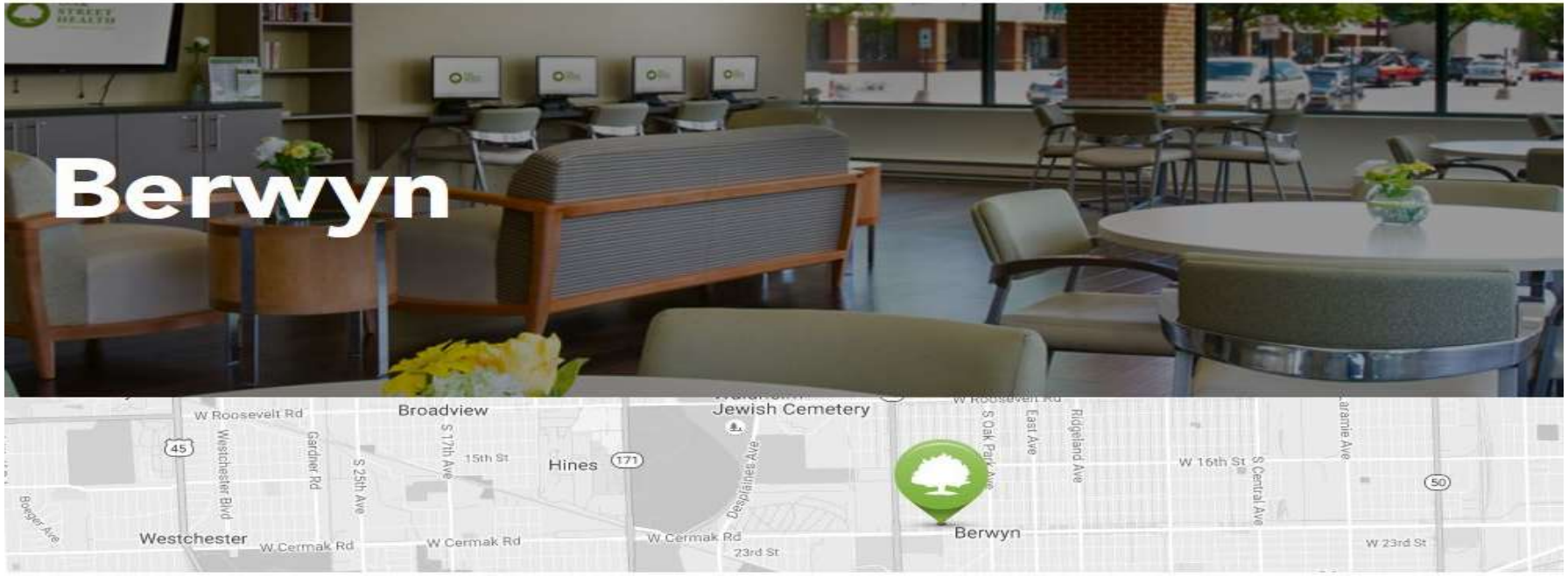
New Models of Healthcare

CenterWell – PIPC

Partners in Primary Care is Becoming CenterWell

Same Great Care, New Name

New Models of Healthcare Oak Street Health



Information

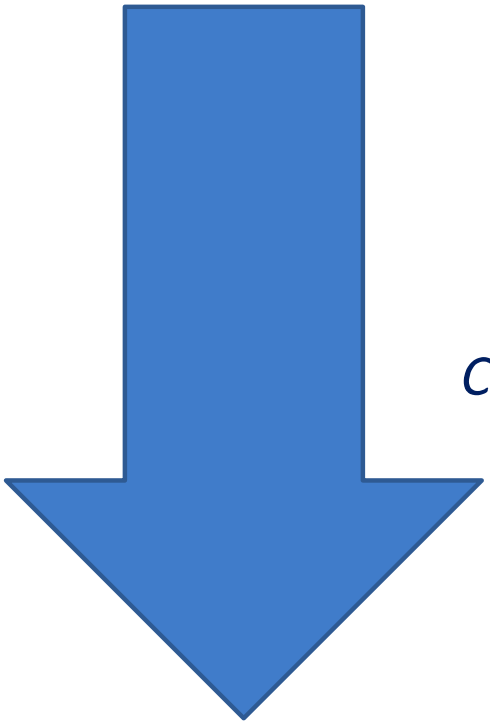
7000 W Cermak Rd, Berwyn, IL 60402

708-484-8090

Monday through Friday, 8:00am to 5:00pm

Services

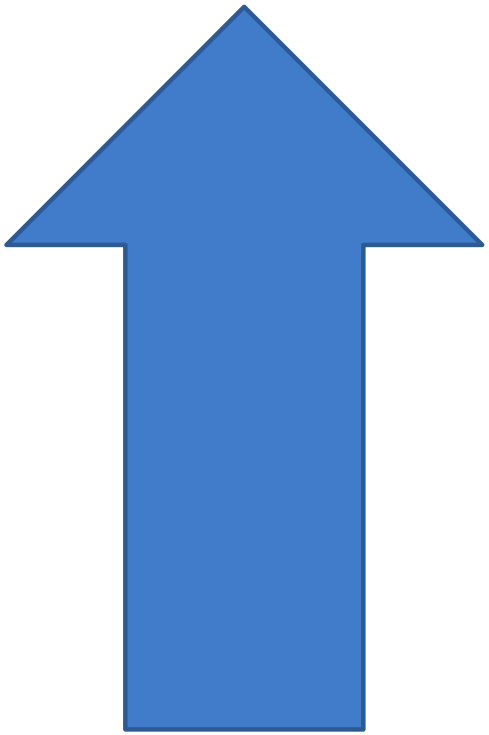
What carriers are doing to stay in the market

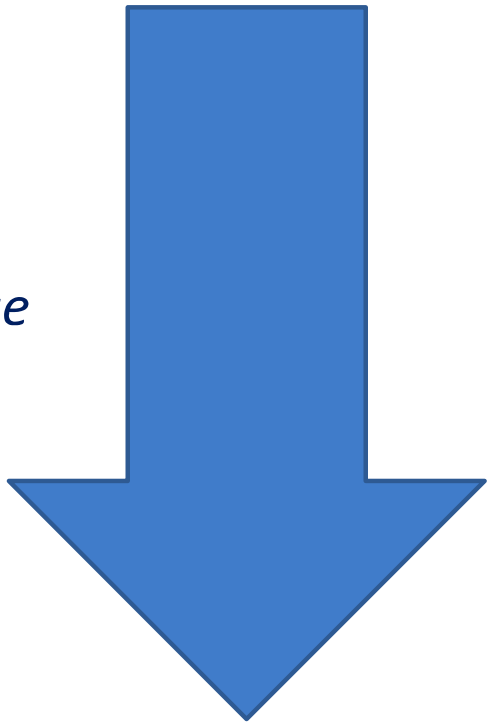


Lower healthcare costs

Maximize reimbursement rates…

Coding Intensity & Nurse Home visits

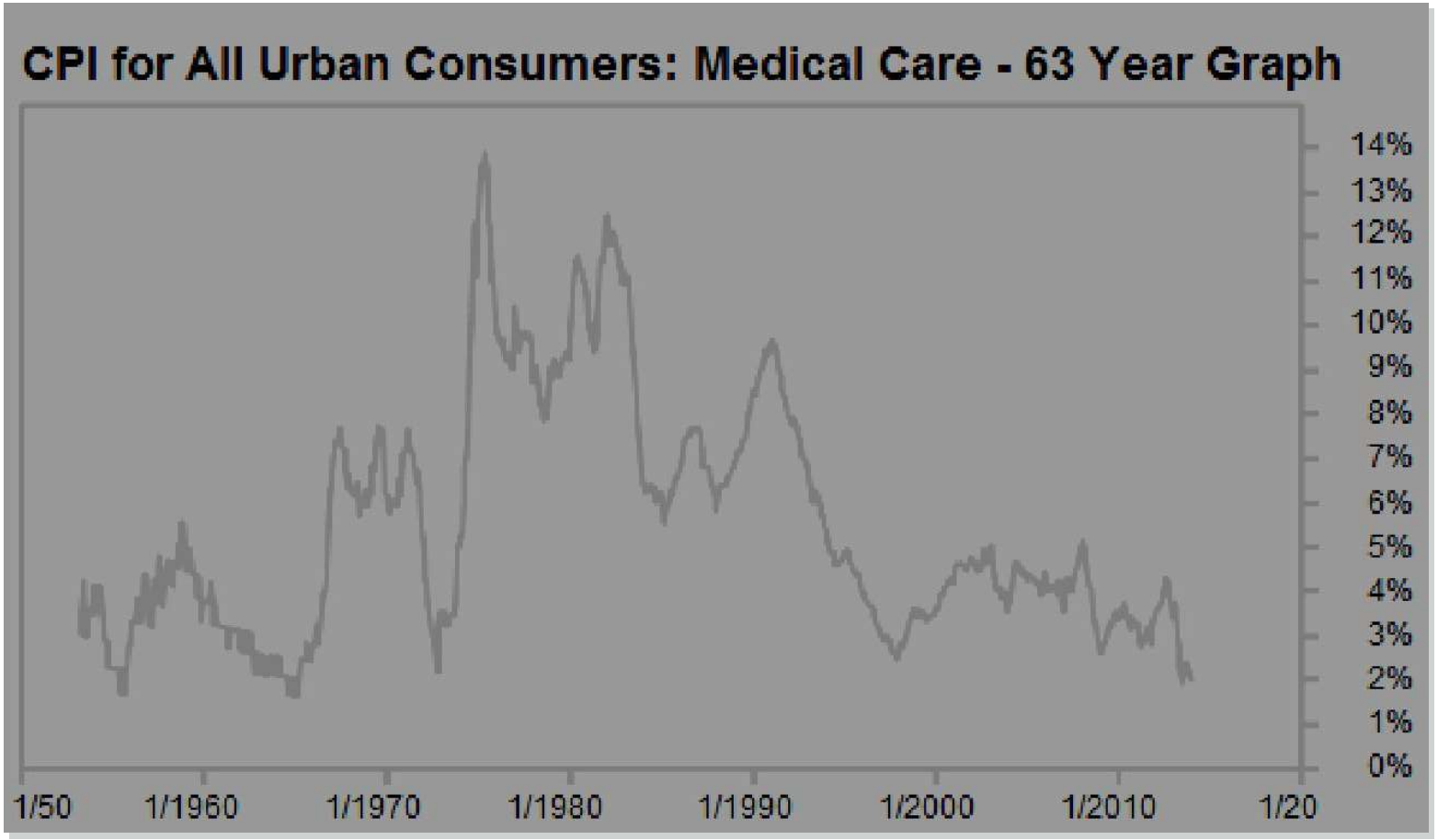




Reduce operating expenses

Negotiate lower provider fees

Lower Medical Inflation Rates



http://www.forecast-chart.com/inflation-medical-care-cost.html

Medical-Price Inflation Is at Slowest Pace in 50 Years

- ✔ Medical prices are rising at their slowest pace in a half century, a shift in the health-care industry which provides relief to government and businesses' budgets also signals that consumers are being left with a larger share of the bill

- ✔ The recent slowdown in medical inflation is partly the result of less-generous health plans forcing patients to pay more attention to prices.

- ✔ Fifteen years ago, pricing was not as important…but when the co-pay is coming out of a patient's pocket, they more often want to know what they're paying.

- ✔ The Affordable Care Act, passed in March 2010 included some limits in the growth of Medicare reimbursements to doctors, hospitals and other providers. It also encouraged employers to scale back high-cost health plans by placing a new tax on such plans starting in 2018.

http://www.wsj.com/articles/SB10001424127887323342404579081312680485476

Questions

Contact Information

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indsales@flexiblebenefit.com

847-332-0320

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