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June 22, 2015

The Honorable Orrin Hatch
U.S. Senate
Washington, DC 20510

The Honorable Ron Wyden
U.S. Senate
Washington, DC 20510

The Honorable Johnny Isakson
U.S. Senate
Washington, DC 20510

The Honorable Mark Warner
U.S. Senate
Washington, DC 20510

Chairman Hatch, Ranking Member Wyden, Senator Isakson and Senator Warner:

SCAN Health Plan (SCAN) applauds the Senate Finance Committee for convening the chronic care working group. We welcome the opportunity share our experience managing care for Medicare beneficiaries with complex health care needs and our suggestions for improving the Medicare program. SCAN is a not-for-profit health plan that serves seniors through Medicare Advantage (MA) plans, including all forms of special needs plans (SNPs). Approximately 170,000 Medicare beneficiaries are enrolled in SCAN's MA plans in California and Arizona, making it the fourth largest not-for-profit MAPD plan in the country. Since 1985, SCAN has specialized in providing comprehensive, high-quality care to the most vulnerable Medicare beneficiaries – those who live with multiple chronic conditions, who are eligible for nursing home care, who experience difficulty performing activities of daily living, and who may also qualify for Medicaid.

More than 27% of SCAN's Medicare beneficiaries have diabetes, and another 27% have Chronic Kidney Disease (CKD). Because of the complex nature of our members' health conditions, SCAN has created a care management model that emphasizes prevention and early intervention, with a keen focus on medication management. Highly trained care teams address the complex needs of the chronically ill population, and each program is coordinated with others to ensure safe and effective care transitions between all levels of care and providers.

SCAN is pleased to share several policy proposals that we believe will help individuals with chronic conditions to achieve improved health and independence.

- 1) ***Community Based Special Needs Plan (CBI-SNP)*** -- We encourage the working group to promote legislation introduced by Senators Chuck Grassley and Ben Cardin entitled the ***Community Based Independence for Seniors Act (S. 704)***. S. 704 would create a Community-Based Institutional Special Needs Plan (CBI-SNP) demonstration to provide

targeted Home- and Community-Based Services (HCBS) for low-income, Medicare-only functionally-dependent beneficiaries. This additional assistance would prevent individuals from spending down their limited assets and becoming dually eligible. Giving frail and medically-complex Medicare beneficiaries access to HCBS will enable them to remain in their communities and improve their quality of life. Additionally, evidence shows that access to HCBS can reduce both Medicare and Medicaid spending.

- 2) **Reforms to Institutional Special Needs Plans (I-SNPs)** -- SCAN operates the nation's largest institutional equivalent special needs plan (I-SNP) (meaning, our entire I-SNP membership qualifies for nursing facility level of care but lives, instead, out in the community). Without practical changes to I-SNPs, it will become more difficult to provide the care and services needed for such individuals to age in their preferred community setting. Congress can help change that. First, instruct CMS to give plans the flexibility to offer home- and community-based services to a Medicare-only population which CMS currently says it cannot do. Second, approve additional payments to I-SNPs based on the frailty of the population. The **Affordable Care Act (ACA)** authorized CMS to apply a frailty adjustment payment for fully-integrated dual eligible special needs plans (FIDE-SNPs) whose beneficiaries have similar levels of frailty as individuals in the Program for the All-inclusive Care of the Elderly (PACE). Similar criteria should apply to I-SNPs since both share a similar goal of helping individuals avoid long term institutional care.
- 3) **Added Benefit Flexibility** -- The Medicare Payment Advisory Commission (MedPAC) has recommended "that all [MA] plans be allowed to modify their benefit structure to permit variation in the benefits offered, depending on their enrollees' health care needs."¹ We agree. If afforded additional flexibility, plans would be able to waive or eliminate copays on certain medications for one population, provide additional transportation to individuals with more frequent medical appointments or waive the copay on a type of specialist visit based on an individual's health needs. The ability to further tailor benefits to the specific needs of the individual will result in both increased access to care and higher adherence rates.
- 4) **Expansion of Telemedicine Services** -- Medicare beneficiaries with chronic conditions would greatly benefit from an expansion of telehealth within the Medicare program. Telemedicine can be a vital tool in monitoring patients with chronic conditions and can provide the means for doctors to monitor frail seniors and deliver early warning of a deterioration of function. MA plans should have the ability to offer telehealth services as a part of the basic benefit package and should not be limited to the amount of supplemental benefit funds available. SCAN also supports legislation that would permit certain Medicare providers licensed in one state to provide Medicare services via telemedicine to beneficiaries located in a different state. Further, telemedicine services should be expanded within urban areas where barriers to care still exist, and should not

¹ *Id.*

just be limited to rural areas. Expanding access to telemedicine in a responsible manner makes sense because it not only improves access to care but can give medical providers real time data about their patients and, thus, improve the care itself.

- 5) ***Risk Adjustment Model*** -- A proposal finalized in the 2016 Medicare Advantage Final Call Letter may undermine the ability of high-performing plans to continue successfully delivering coordinated care and important additional services to vulnerable Medicare beneficiaries. Starting next year, CMS will fully implement the revised MA risk adjustment model first introduced in 2014, which excludes several diagnoses for early stages of chronic disease and could reduce risk score calculation for plans serving large numbers of beneficiaries with chronic conditions. It is critical for MA plans to be accurately and fairly compensated for the care management provided to individuals with chronic conditions. SCAN supports legislation that has passed the House Ways and Means Committee that directs CMS to reevaluate and, as appropriate, make changes to the MA risk adjustment model, focusing on risk scores that take into account the number of chronic conditions, the impact of including two years of data to determine risk scores, and the impact of the removal of chronic kidney disease codes.
- 6) ***5-Star Rating System*** -- SCAN has consistently supported the 5-Star Rating system and the work done by the Congress and CMS to align payment to the delivery and coordination of high quality care. However, our internal research and work performed by the SNP Alliance strongly indicates that the 5-Star rating system does not adequately account for the socio-economic status of Medicare beneficiaries (see attached SCAN communication with CMS). To correct this, CMS should develop and apply a case-mix adjustment for Medicaid and LIS status on Part C and Part D clinical measures when determining star rating. In addition, CMS should consider applying adjustments for disease burden on Part C and Part D clinical measures. These adjustments would allow plans serving dual-eligible seniors to continue to be rated under the current system, but to have star ratings that more appropriately reflect the quality of care provided to the population they serve.
- 7) ***Advance Illness Planning*** -- SCAN supports the ***Care Planning Act of 2015 (S. 1549)*** and efforts to assist ailing Medicare beneficiaries with end of life planning and coordination. SCAN members with advance illness have access to our own *Program for Advanced Illness* which promotes individualized care that reflects the patient's quality of life goals and final wishes. This program has resulted in reduced hospital days, ER visits and readmissions, as well as increased referrals to hospice and palliative care and decreased deaths in acute facilities. Similar assistance should be granted to the fee-for-service population.
- 8) ***Permanency for Special Needs Plans*** – Since 2006, SNPs have proven their value in organizing care for beneficiaries with chronic disease. Congress should affirm this record and make all forms of special needs plans permanent.

We greatly appreciate the opportunity to respond to the working group's request for input on improving care for Medicare beneficiaries with chronic conditions. As you continue to analyze various policy options, we would be happy to discuss our recommendations with your staff in more detail should they have any additional questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Chris Wing', with a large, sweeping flourish extending to the right.

Chris Wing
CEO
SCAN Health Plan