Medicare Advantage Disenrollment Trends in New York State Skilled Nursing Facilities

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SUMMARY

Medicare Advantage (MA) is a voluntary, alternative health insurance option available to Medicare eligible beneficiaries. MA is offered by a growing number of insurance companies and enrollment is expanding rapidly; in fact, MA coverage outpaces the "original" or fee-for-service (FFS) Medicare program in many markets. The "private option" offers cost savings and supplemental benefits in exchange for limitations to patients, specific to provider choice. While this cost/benefit dynamic clearly appeals to enrollees residing the community, the model generally does not create the same balance for residents of long-term care facilities. As a result, disenrollment from (or changes to specialized) MA plans is far more common in the institutional setting than the population at large.

Healthcare is a "local business," and the MA equation varies considerably at the market level. Plan options and state regulations cascade, creating distinct regional trends. As explained within, the New York State managed care ecosystem is especially volatile. While no official statistics are available, Zimmet Healthcare provides reimbursement-compliance support to approximately half the Skilled Nursing Facilities (SNFs) in New York (over 3,000 nationally); we offer the following observational estimates regarding MA-covered beneficiaries admitted to NY SNFs from the community:

- The disenrollment rate is greater in NY than most, if not all other states, while the NYC region's disenrollment rate is among the highest in the state.
- 40% of SNF residents either change plans or disenroll if expected to stay at least 60 days.
- 70% - 80% either disenroll or change plans within six months if they are expected to remain in the SNF long-term.
- Nearly 100% enrolled in both a Medicaid & Medicare managed care plans disenroll or change at least one benefit if expected to remain in the SNF long-term and the SNF is contracted with an MA Institutional Special Needs Plan (ISNP).

SUPPORTING NARRATIVE

Beneficiaries in the community may elect to leave their MA plan ("Voluntary Disenrollment") only at specifically designated times of the year (known as the Open Enrollment Period as provided by 4242 CFR § 422.62). Across all settings and plan types, up to 34% of members were shown to either return to original Medicare or enroll in an MA plan over a two-year period.

The Centers for Medicare and Medicaid Services (CMS) recognizes that transitioning to an institutional setting is often precipitated by a significant change in a beneficiary's clinical profile, access to care, financial status and even geography. Effective 2005, eligible Skilled Nursing Facility residents are afforded the option of enrolling and/or disenrolling from MA plans without the same restrictions imposed on beneficiaries living in the community. SNF residents typically change their MA election due to the following factors:

- Benefit design, specifically around community benefits that are unnecessary in an institution (e.g., OTC items, gym memberships, etc.).
- Cost sharing concerns (co-insurance and deductibles).
- "Spend Down" of assets for Medicaid eligibility & state-specific monthly income limitations.
- The effect of "spousal refusal" on eligibility (MA enrollment may be tied to union or other retiree sponsored health benefits that require receiving spousal pension benefits).
- In-network providers & physician availability, especially in markets where the MA network is inadequate for the nursing facility model of care.

Consideration to care-transition circumstances (created specifically by Congress to preserve patient choice) drive a greater share of Voluntary Disenrollment in Skilled Nursing Facilities than in the general MA population. Further compounding this effect, research supports the following realities:

- Dual eligible beneficiaries (those covered by both Medicare and Medicaid) disenroll from Medicare Advantage plans at a higher rate than those with a higher socio-economic profile (most long-term care residents are duel-eligible).
- Minorities (particularly African Americans and Hispanics who collectively represent a disproportionate share of SNF residents relative to the general population) disenroll from Medicare Advantage at more than twice the rate of other demographic groups.

- Older beneficiaries (85+) voluntarily disenroll at a higher rate than younger beneficiaries (nearly half of long-term care residents are 85+ years of age compared to ~11% of the Medicare-eligible population residing in the community).
- Access to MA Special Needs Plans (which are designed to manage chronic conditions or specific patient profiles) is associated with significantly higher rates of enrollment change (the number of ISNPs has tripled since 2015).
    - SNFs contracted with MA Institutional Special Needs Plans (ISNP) commonly experience 90% enrollment turnover for patients who transition to long-term care.
- MA plans with lower "star ratings" (i.e., lower quality) report greater disenrollment rates than higher rated plans.
    - Note that NYC had no 5-star plans (and few 4-star plans) for much of the past decade; most NYC plans were rated at or below 3-stars.
    - The attrition rate in poorly rated plans is exacerbated upon SNF admission, as the community "lock-in" provision is suspended.
- There is material variation in plan disenrollment at end of life, which is far more likely to occur in an institutional setting than in the community, relative to non-terminal periods. The U.S. Government Accountability Office reported MA plans that had annual disenrollment rates 9x greater at the end of life than during baseline levels elections (>40% of nursing home residents are in their last year of life).
- MA members disproportionately access lower quality nursing homes than FFS beneficiaries, anecdotally related to contract pricing differences between high- and low-quality providers.
- New York State's initiative to mandate Medicaid Managed Long-Term Care ("passive FIDA enrollment") created an environment of extreme coverage churn. Since enacted, at least 92% of nursing home eligible Medicaid and Medicare beneficiaries passively enrolled by the state (i.e., without explicit consent) into a specialty dual Medicare Advantage Plan asserted their legal right to opt-out (disenroll).
    - This led to heightened awareness in the community as to the limited benefit of Medicare Advantage plans in the long-term care setting, thus perpetuating the disenrollment trend.

End of report narrative.

SOURCES

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Z-CORE Analytics, LLC original research of SNF Medicare and MA claims.