STROUDWATER

MEDICARE ADVANTAGE AND ITS IMPACT ON RURAL HEALTHCARE

RHPTP HELP Webinar

July 9, 2024

TODAY’S WEBINAR

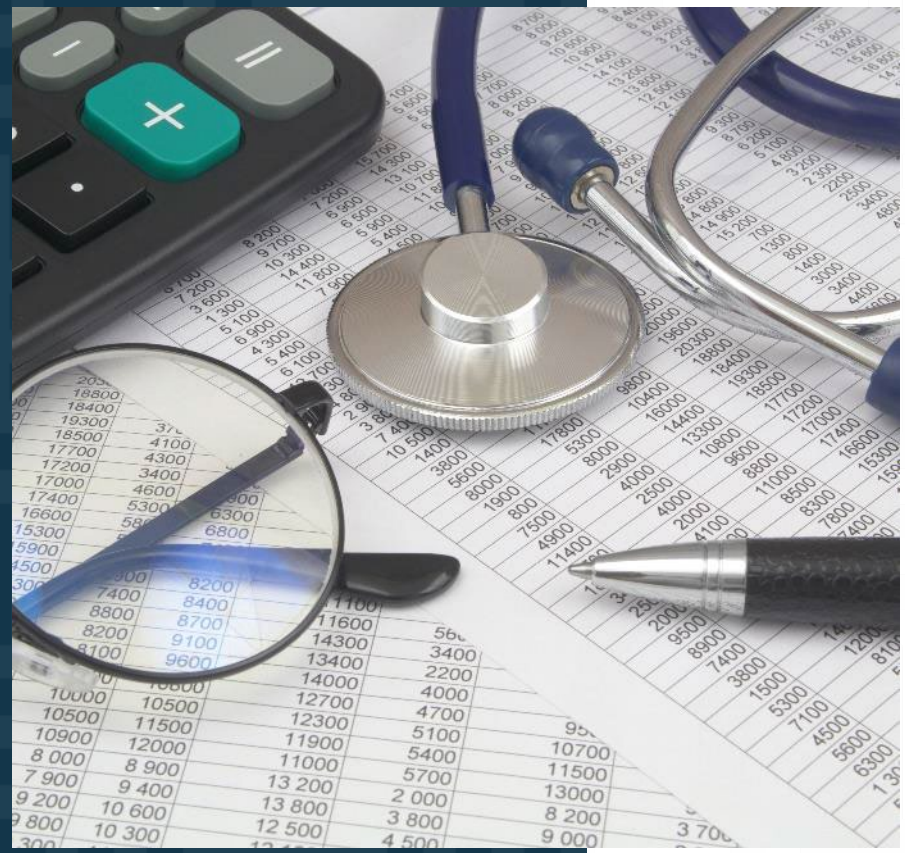
This webinar will explore the distinctions of Medicare Advantage and its impact on rural healthcare organizations. Participants will learn about the fundamentals of this health plan, as well as the unique challenges Medicare Advantage can pose to patients and providers. Speakers will also discuss opportunities and actionable strategies for improving rural healthcare organizations' relationship with Medicare Advantage moving forward.

Upon completion of this webinar, participants will be able to:

- Interpret the distinctions and impact of Medicare Advantage
- Identify the unique challenges and opportunities that Medicare Advantage presents
- Implement strategies for optimizing Medicare Advantage

MEDICARE ADVANTAGE 101

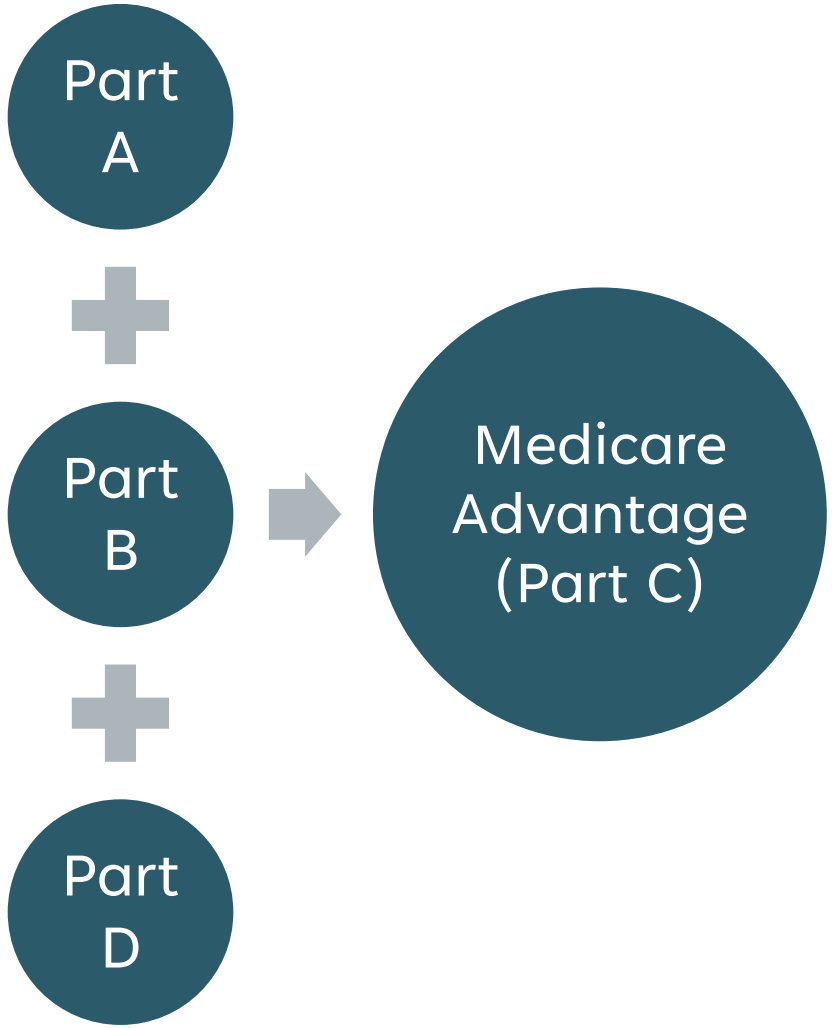
WHAT IS MEDICARE?



- Federal Legislation
- Enacted in 1965 under the Social Security Administration
  - Title XVIII of the Social Security Act
- Currently administered by the Centers for Medicare and Medicaid Services (CMS)
- Eligibility
  - Aged 65 and older
  - Disabled
  - End-Stage Renal Disease (ESRD)
- Four Parts to the Legislation
  - Part A – Hospital Inpatient
  - Part B – Hospital Outpatient
  - Part C – Medicare Advantage
  - Part D – Prescription Drug Benefit

BASICS OF THE MEDICARE ADVANTAGE HEALTH PLAN

- A health plan offered by Medicare-approved private companies
- Must follow Medicare rules
- Medicare pays the Advantage plan a fixed amount per enrollee
- The coverage must meet or exceed Medicare Part A & B coverage
- Some plans include Part D benefits
- Enrollees follow rules established by health plans

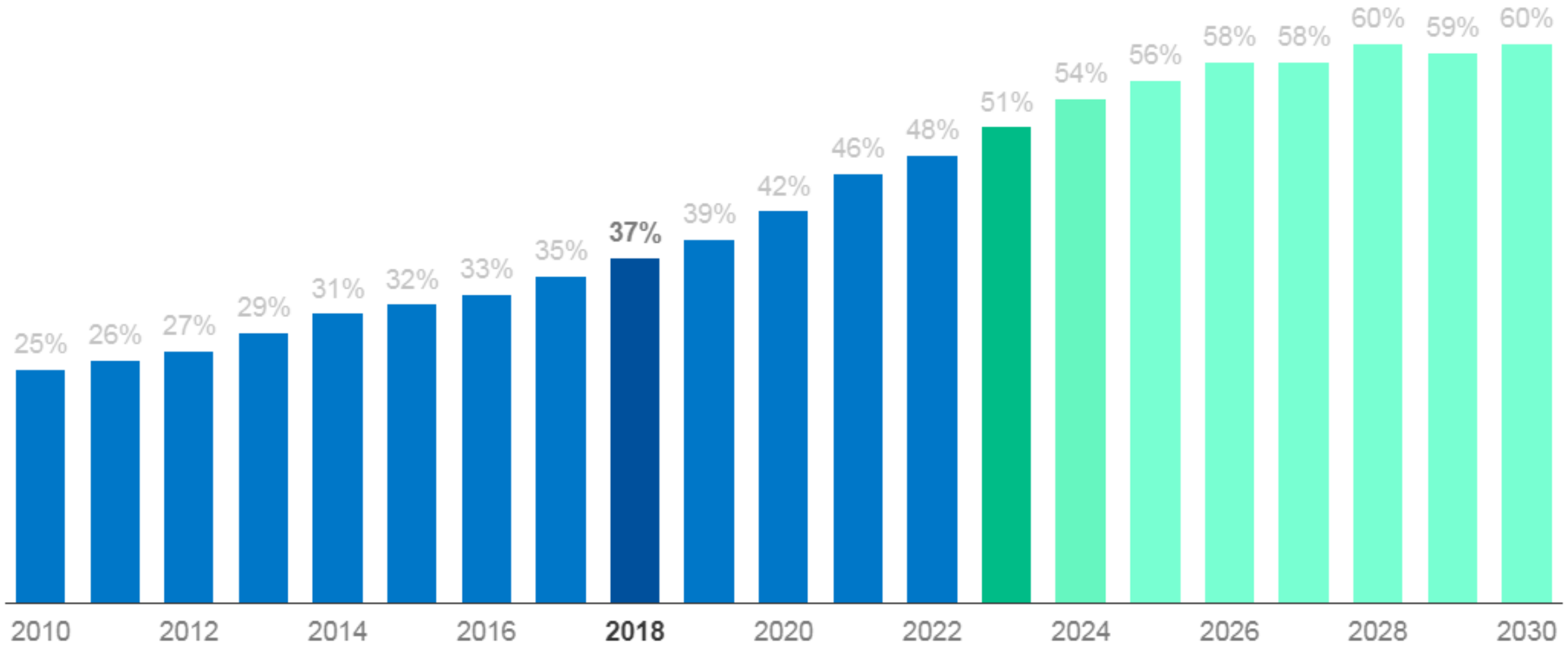


RISE OF MEDICARE ADVANTAGE

Medicare Advantage Enrollment and Projections

Medicare Advantage Enrollment 2010-2023 & Projected Enrollment 2024-2030
(As a share of the eligible Medicare population)

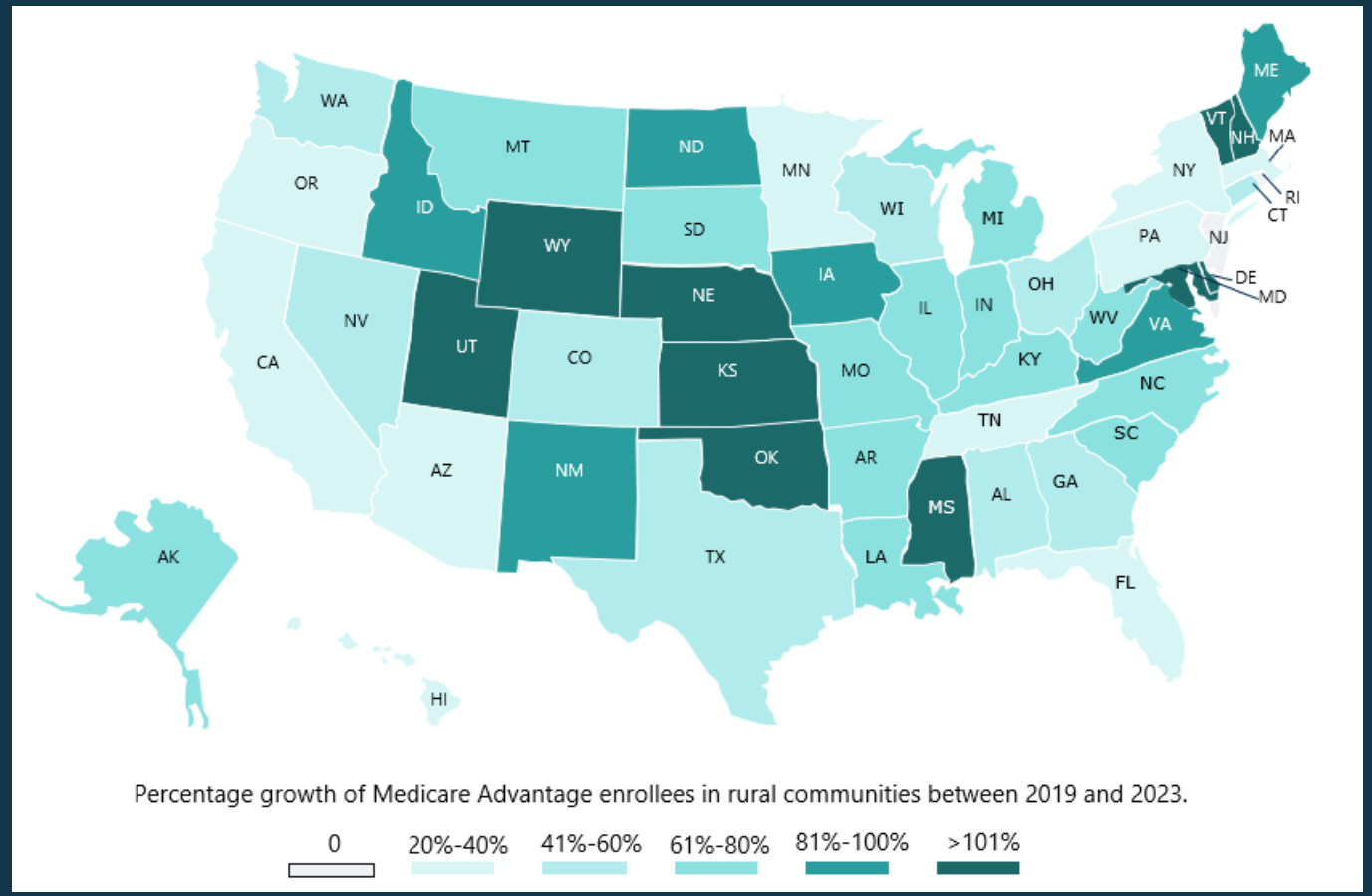
Medicare Advantage Penetration | **Medicare Advantage Enrollment**



https://www.kff.org/medicare/issue-brief/10-reasons-why-medicare-advantage-enrollment-is-growing-and-why-it-matters/

MEDICARE ADVANTAGE ENROLLMENT IN RURAL

- Medicare Advantage enrollment in rural increased 46% between 2019 and 2023
- 10 states have seen enrollment in Medicare Advantage increase by more than 100% between 2019 and 2023
- Rural communities are defined as county in which a rural hospital is located



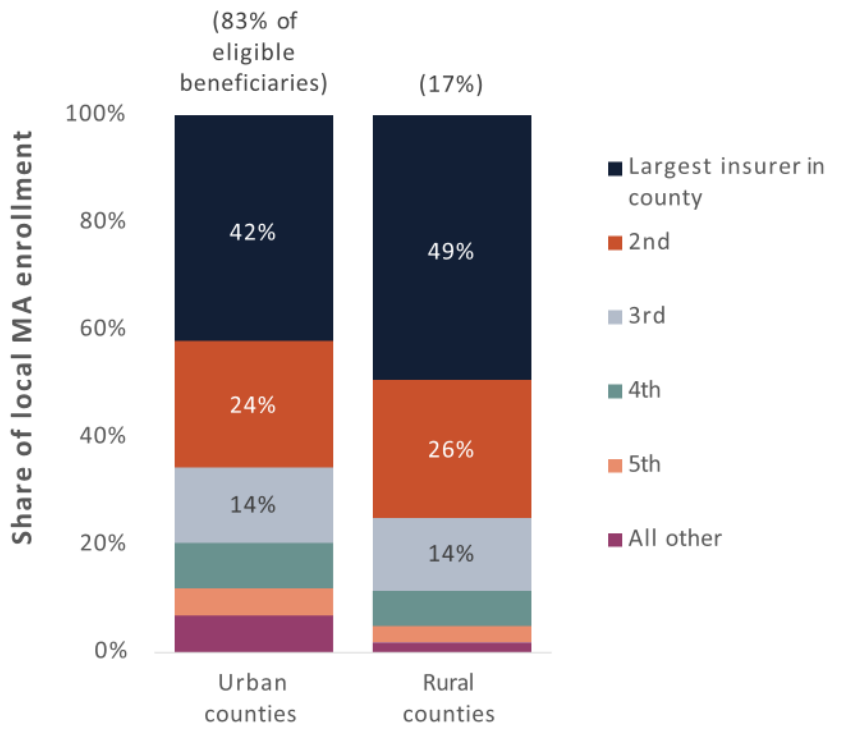
Source: The Chartis Center for Rural Health, December 2023.

WHY ARE ENROLLEES CHOOSING MEDICARE ADVANTAGE?

Potential Increased Benefits	Financial
• Hospital • Outpatient • Pharmacy • Dental • Vision • Fitness Clubs	• Lower co-pays • Limited out-of-pocket exposure

MEDICARE ADVANTAGE PROGRAM (MEDPAC) ANNUAL REPORT

The largest three insurers in a market typically enroll roughly 80 percent of enrollees



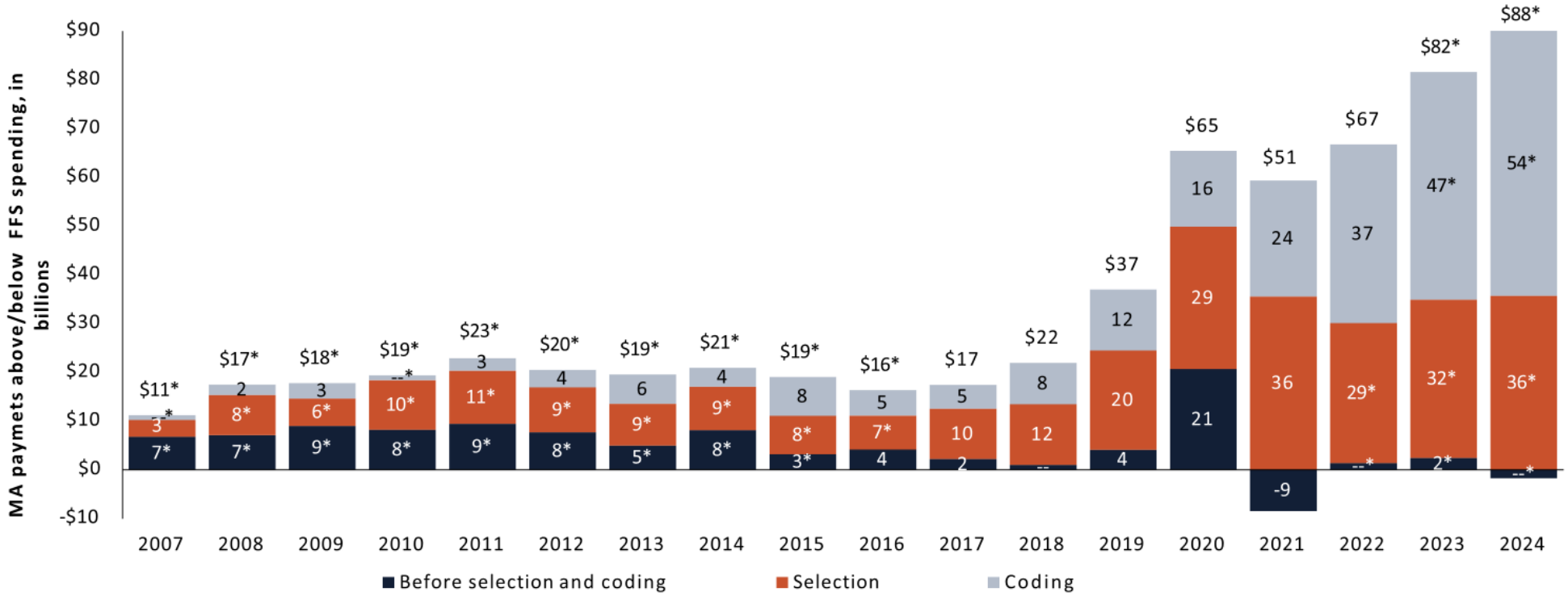
- The typical MA market has plans offered by roughly 8 insurers
- Local enrollment is generally highly concentrated in the top three insurers
- The largest insurers nationally also frequently cover the largest share of enrollees at the local level

Source: MedPAC analysis of CMS 2023 enrollment data.

IMPACT OF MEDICARE ADVANTAGE

MEDPAC STATUS REPORT: JANUARY 2024

Coding and selection have driven substantial MA payments above what spending would have been in FFS



Note: MA (Medicare Advantage), FFS (fee-for-service). Totals may not sum due to rounding. Estimates from 2017 through 2021 use actual MA and FFS data.
* Specified values used projected data.
--Unidentified values indicate less than $2 billion.
Source: MedPAC analysis of Medicare enrollment, Medicare claims spending, and risk-adjustment files.

MEDICARE ADVANTAGE IN THE NEWS

Arkansas hospital files underpayment complaint against UnitedHealthcare

Alan Condon - Thursday, July 6th, 2023

Former CMS administrator: Hospital-Medicare Advantage tensions 'a manifestation of an underlying broken system'

Jakob Emerson - Wednesday, February 21st, 2024

Modern Healthcare

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June 12, 2024 04:12 PM

Medicare Advantage prior authorizations targeted in new bill

MICHAEL MCAULIFF

Nearly half of health systems are considering dropping Medicare Advantage plans

Andrew Cass - Friday, March 22nd, 2024

Former CMS administrator: Hospital-Medicare Advantage tensions 'a manifestation of an underlying broken system' (beckershospitalreview.com)
Nearly half of health systems are considering dropping Medicare Advantage plans (beckershospitalreview.com)
Medicare Advantage prior authorizations targeted in new bill | Modern Healthcare
https://www.beckershospitalreview.com/finance/arkansas-hospital-files-underpayment-complaint-against-unitedhealthcare.html

IMPACT ON RURAL: CHALLENGES

FINANCIAL

- Prior Authorization requirements
- Payment delays
- Claim denials
- Claim downgrading
- Low reimbursement rates
- Disruption of payer mix

CLINICAL/OPERATIONAL

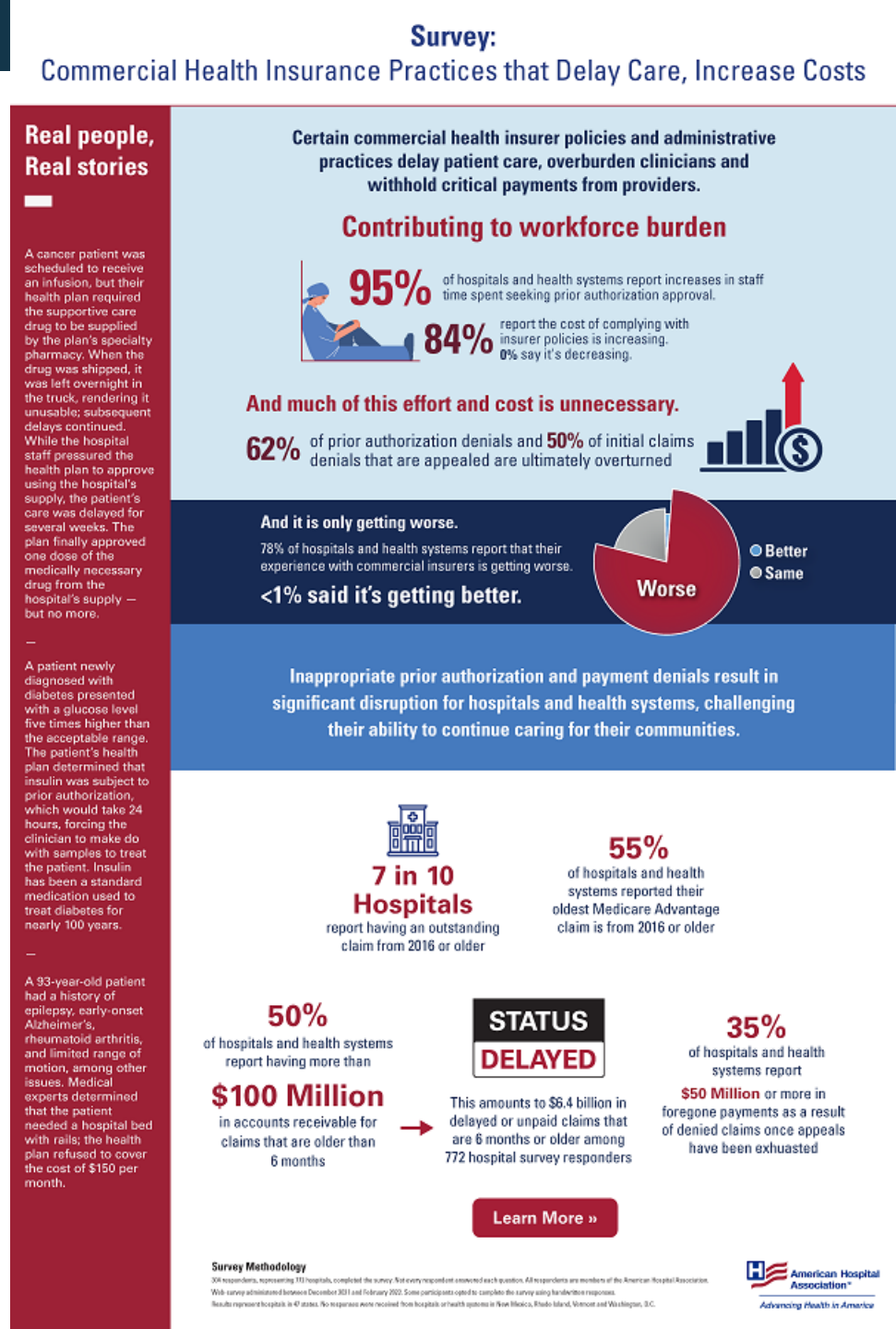
- Restricted access to care
  - Impact on patient health outcomes
- Restricted provider networks
  - Impact on coordinated patient care and experience
- Administrative burden – additional paperwork, documentation, and reporting
- Limited publicly available data like Medicare

IMPACT BY THE NUMBERS

AHA Survey results include:

- 95% of hospitals and health systems report increases in staff time spent seeking prior authorization approval
- 84% report the cost of complying with insurer policies is increasing, while 0% say it's decreasing
- 62% of prior authorization denials and 50% of initial claims denials that are appealed are ultimately overturned
- 78% of hospitals and health systems report that their experience with commercial insurers is getting worse, while less than 1% said it's getting better

Source: https://www.aha.org/infographics/2022-11-01-survey-commercial-health-insurance-practices-delay-care-increase-costs-infographic



IMPACT ON RURAL: OPPORTUNITIES

- CLINICAL/OPERATIONAL
  - Texas Gold Card Bill
    - Reducing prior authorization burden and delays in patient care
  - Recognition of value-based payment arrangements, i.e., ACOs

- FINANCIAL
- MA Plans must reimburse hospitals Medicare rates if there is no contract with the facility
- CMS Policy:
  - https://www.cms.gov/medicare/health-plans/medicareadvtgspecratestats/downloads/oonpayments.pdf

CHANGES AHEAD

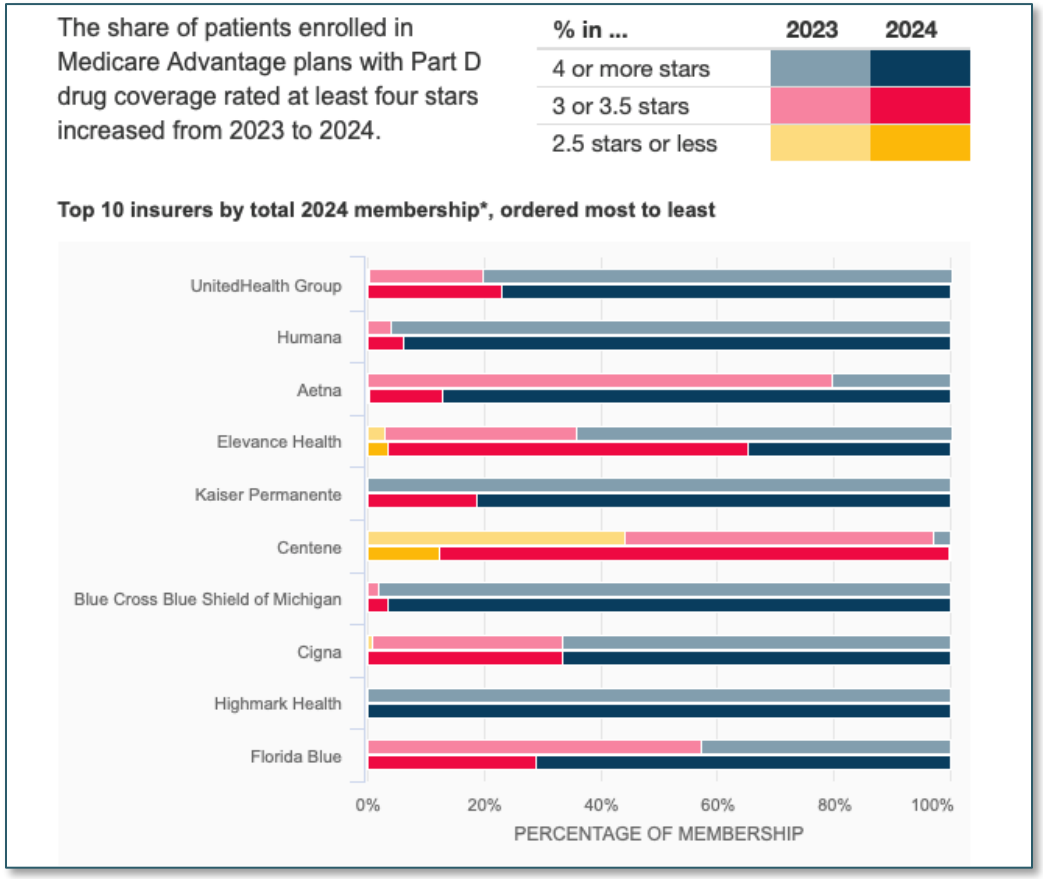
- State/federal proposed changes

Improving Seniors' Timely Access to Care Act of 2022 Passes the House

By Thomas Sullivan — Last Updated Sep 27, 2022

CONGRESS

- 2024 Change in Star Ratings



STRATEGIES FOR OPTIMIZATION

KEY STRATEGIES FOR RURAL HOSPITALS – HOLD PAYORS ACCOUNTABLE

- Meeting prior authorization timelines, beginning in 2026
  - Non-urgent prior authorization requests within 7 days
  - Urgent requests within 72 hours
- Do not “give away” Medicare rates through payor contracting
- Foster an environment of accountability through a cadence of reviewing MA performance on Key Indicators and targets

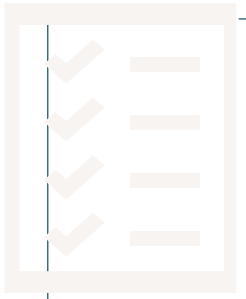
KEY INDICATORS AND TARGETS FOR PAYOR ACCOUNTABILITY

Denial Reporting

- Dollar value to total billed
- Number of claims to claims submitted to payer

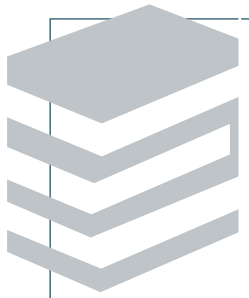
Medical Necessity

- Medical records requests
- Appeals process



Prior Authorization

- Process, lag time, automation



Overall success of payer

- Financial health of the contract

DISCUSSION

QUESTIONS FOR THE GROUP

- What financial, operational, or clinical changes have you had to make to mitigate the challenges of Medicare Advantage?
- What processes or workflows have you needed to adjust for Medicare Advantage Plans?
- How has Medicare Advantage impacted patient care?

STROUDWATER

COMMITTED TO INCREASING THE IMPACT OF RURAL AND COMMUNITY HEALTHCARE.

Our team of rural and community healthcare experts support the leadership of hospitals, health systems with a rural footprint, and the groups and clinics that form an essential care network across the 97% of the US that is defined as rural.

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