

Analysis of Dually Eligible Beneficiaries vs Non-Dually Eligible Beneficiaries' Medicare Costs in Puerto Rico

In response to the April 6, 2015, request from Members of Congress and other stakeholders, CMS conducted a study of the standardized per-capita spending for fee-for-service (FFS) beneficiaries residing in Puerto Rico. Specifically, we analyzed whether or not the standardized costs for individuals dually eligible for Medicare and Medicaid are significantly different than that for all Puerto Rico residents in Medicare.

The analysis presented to CMS, conducted by the Moran Company, suggested that Medicare spending for dually eligible beneficiaries in FFS greatly exceeds that of spending on other beneficiaries, and that the difference is not adequately reflected in Medicare Advantage payment rates. That analysis suggested that CMS should therefore increase Medicare Advantage rates to reflect the higher costs and high rate of enrollment for dually eligible beneficiaries in MA in Puerto Rico.

CMS attempted to validate the analysis. Important differences in the input data and approach became apparent as we considered the issue:

- The analysis presented to us included an annual average of approximately 2,000 dually eligible beneficiaries, but we were able to identify an annual average of approximately 10,000 dually eligible beneficiaries.
- Beneficiaries we identified were identified by the Puerto Rico Department of Health Medicaid Office, and serves as the basis for how risk scores are calculated and payments made to Medicare Advantage organizations. Only CMS and the Commonwealth of Puerto Rico have access to this data, so the analysis presented to us could not accurately identify dually eligible beneficiaries in Puerto Rico. Instead, that analysis appears to identify individuals who had dual status somewhere else in the country and also lived in the Commonwealth. This approach cannot reliably identify dually eligible beneficiaries in Puerto Rico.

As a result, CMS did not validate the analysis. While CMS did find dually eligible beneficiaries cost more than other beneficiaries before adjusting for risk factors (by 5%), taking into account the risk adjustment factors used in payment suggested that dually eligible beneficiaries in Puerto Rico cost less than other beneficiaries (by about 13%). Because we did not find that dually eligible beneficiaries in Puerto Rico are more costly than other beneficiaries, this analysis did not provide a justification for making an adjustment to Medicare Advantage rates.

Exhibit 1: Analysis of Duals vs Non-Dual FFS Experience in Puerto Rico

	Simple average <u>2009 - 2013</u>
<u>Enrollment</u>	
Non-dual eligible	71,521
Dual eligible	10,217
	<hr/> 81,738
<i>Dual share</i>	12%
<u>Claims (dollars in thousands)</u>	
Non-dual eligible	\$251,383
Dual eligible	\$37,939
	<hr/> \$289,321
<i>Dual share</i>	13%
<u>Monthly per-capita cost (nominal, not adjusted for risk profile)</u>	
Non-dual eligible	\$293
Dual eligible	\$309
	<hr/> \$295
<i>Dual relative to average</i>	+5%
<u>Average Risk Score</u>	
Non-dual eligible	0.9262
Dual eligible	1.1557
	<hr/> 0.9548
<i>Dual relative to average</i>	+21%
<u>Monthly per-capita cost (standardized for risk profile)</u>	
Non-dual eligible	\$316
Dual eligible	\$267
	<hr/> \$309
<i>Dual relative to average</i>	-13%

Description of Methodology

The study is based on FFS enrollment, claims and risk scores for calendar years 2009 through 2013, which is the historical period supporting the 2016 ratebook. The key steps in the study are as follows:

- Using the Denominator enrollment file, for each year we created a finder file representing Puerto Rico beneficiaries with fee-for-service (FFS) enrollment and coverage for Medicare Parts A and B.
- Next, we appended to the finder file the v22 HCC risk scores and concurrent Medicaid status for each beneficiary with a valid risk score from the Risk Adjustment Payment System (RAPS).
- We tabulated annual Medicare non-hospice A & B claims using the Standard Analytic Files (SAFs).
- Finally, we summarized results by calendar year, county, and dual status:
 - Enrollment counts
 - Claims
 - Risk scores
 - Monthly, nominal per-capita claims
 - Monthly, standardized per-capita claims