

## Health Care Reform Legislation Summary

### Medicare Advantage

Patient Protection and Affordable Care Act, Pub. L. No. 111-148 (“PPACA”)   
Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152 (“Recon”)

Provision	Description	Effective Date(s)	Budget Impact (if any)
<b>Medicare Advantage Reimbursement</b>			
<p><b>Benchmarks</b> PPACA § 3201; Recon § 1102</p>	<p>Creates new 42 U.S.C. § 1395w-23(n) to establish new benchmarks for Medicare Advantage (MA) payments based on fixed percentages of fee-for-service (FFS) costs. Specifically, the amendment ranks all counties in the nation from lowest to highest average FFS costs and divides them into four cohorts. The new benchmarks would be set at 115 percent, 107.5 percent, 100 percent and 95 percent for the lowest to highest FFS cost cohorts.</p> <p>MA plans that receive four or more quality stars on the CMS quality rating system will receive a 5 percent increase in their benchmark amount.</p> <p>MA plans that bid less than the benchmark amount will generally receive a 50 percent rebate (i.e., 50 percent of the difference between the bid and the benchmark); MA plans with 3.5 and 4 stars will receive a 65 percent rebate and MA plans with 4.5 or 5 stars will receive a 75 percent rebate.</p>	<p>Current Medicare Advantage payments will freeze in 2011.</p> <p>Phase-in of benchmarks will begin in 2012, over a period of three, four or six years, depending on the level of payment reduction.</p>	<p>Saves \$135.6 billion bundled into score of reforms to MA payments</p>

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<b>Coding Intensity Adjustment</b> PPACA § 3203; Recon § 1102(e)	Amends 42 U.S.C. § 1395w-23(a)(1) by extending coding intensity adjustment for 2006 and subsequent years and specifying adjustment factors to be applied until the Secretary of Health and Human Services (HHS) implements risk adjustment using MA data.	Date of enactment (March 23, 2010)	Saves \$135.6 billion bundled into score of reforms to MA payments
<b>Repeal of Comparative Cost Adjustment Program</b> PPACA § 3201; Recon § 1102(f))	Deletes 42 U.S.C. § 1395-29 to repeal the Comparative Cost Adjustment program.	Date of enactment (March 23, 2010)	Saves \$135.6 billion bundled into score of reforms to MA payments
<b>MA Administrative Costs</b> Recon § 1103	Amends 42 U.S.C. § 1395w-27(e) to require that MA plans with a medical loss ratio less than .85 must remit to the Secretary of HHS payments based on the product of the total revenue of the MA plan for that contract year and the difference between .85 and the MA plan's medical loss ratio.	Medicare Advantage contract years beginning in 2014	Not scored
<b>Provisions Affecting Beneficiaries Directly</b>			
<b>Limits on Cost-sharing for Certain Services</b> PPACA § 3202(a)	Amends 42 U.S.C. § 1395w-22(a)(1)(B) to limit cost sharing under Medicare parts A and B for chemotherapy administration, renal dialysis, skilled nursing care and other services that the Secretary of HHS may determine appropriate.	January 1, 2011	\$0
<b>Enrollment and Election Period</b>	Amends 42 U.S.C. § 1395w-21(e) to allow MA enrollees an opportunity to disenroll from MA coverage and return to original	Plan years starting in 2011	\$0

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PPACA § 3204	Medicare fee-for-service coverage for 45 days following enrollment (§ 3204(a)) and to change and lengthen the annual coordinated election period to October 15 to December 7 for plan years starting in 2012 (§ 3204(b)).		
<b>Special Needs Plans</b> PPACA § 3205	<p>Amends 42 U.S.C. § 1395w-28(f)(1) to extend Special Needs Plans (SNPs) until January 1, 2014 (§ 3205(a)).</p> <p>Amends 42 U.S.C. § 1395w-23(a)(1)(B) to allow capitated payments under 42 U.S.C. § 1395eee(d) to SNPs to the extent necessary to treat “frail individuals” as defined in 42 U.S.C. § 1395w-28(b)(6)(B)(iii) (§ 3205(b)).</p> <p>Amends 42 U.S.C. § 1395w-28(f) to require the Secretary of HHS to establish procedures for transitioning out of SNPs and into MA plans or Medicare FFS those individuals who are not institutionalized, who are not entitled to Medicaid, or who meet other requirements established by the Secretary of HHS; creates limited-time exemption for individuals who would be subject to transition because they are no longer eligible for Medicaid (§ 3205(c)).</p> <p>Amends Medicare Improvements for Patients and Providers Act of 2008 (Pub. L. 110-275 § 164(d)) to extend moratorium on new SNPs until December 31, 2010 (§ 3205(d)).</p> <p>Amends 42 U.S.C. § 1395w-28(f) to require that new SNPs be approved by National Committee for Quality Assurance (§ 3205(e)).</p> <p>Amends 42 U.S.C. § 1395w-23(a)(1)(C) to require Secretary of HHS to use a risk score that reflects the risk profile of special</p>	<p>SNP extension – date of enactment (March 23, 2010)</p> <p>Capitated payments – date of enactment (March 23, 2010)</p> <p>Transition out of SNPs – by January 1, 2013 for special needs individuals enrolled in Medicare Advantage SNPs prior to January 1, 2010</p> <p>Moratorium – date of enactment (March 23, 2010)</p> <p>Approval of new SNPs by the National Committee for Quality Assurance (NCQA) – date of enactment (March 23, 2010)</p> <p>Risk score – 2011</p>	<p>Costs \$700 million</p>

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	needs individuals when doing risk adjustment (§ 3205(f)).		
<b>Senior Housing Facility Plans</b> PPACA § 3208	Creates new 42 U.S.C. § 1395w-28(g) to make permanent senior housing facility MA plans (i.e., plans that restrict enrollment to individuals in continuing care retirement communities, provide primary care services on-site, provide transportation to services off-site and have participated in demonstration projects under which such a plan was offered for not less than 1 year).	Plans beginning on or after January 1, 2010	Cost of \$700 million bundled into score of SNP reform
<b>Other</b>			
<b>Extension of Reasonable Cost Contracts</b> PPACA § 3206	Amends 42 U.S.C. § 1395mm(h)(5)(c)(ii) to allow extension of MA reasonable cost contracts until January 1, 2013.	Date of enactment (March 23, 2010)	\$0
<b>Secretary of HHS Authorized to Reject Bids from MA Plans and PDPs</b> PPACA § 3209	Amends 42 U.S.C. §§ 1395w-24(a)(5) and 1395w-111(d) to clarify that Secretary of HHS has authority to reject bids from MA plans and prescription drug plans if bids propose significant increases in cost sharing or decreases in benefits offered under the plans.	January 1, 2011	Saves \$135.6 billion bundled into score of reforms to MA payments
<b>Review of Standards for Supplemental</b>	Amends 42 U.S.C. § 1395ss to require Secretary of HHS to request that the National Association of Insurance Commissioners review standards for certain Medigap plans to	"To the extent possible," implementation of revised	Saves \$100 million

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<b>Benefits Packages</b> PPACA § 3210	include requirements for nominal cost-sharing.	package by January 1, 2015	

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