

2022 Medicare Benchmark Recommendation

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Agenda

- Follow-up from last meeting
 - Medicare premium calculation
 - Estimated Medicare results to date
- Potential vote

Medicare Premium Growth Calculation

TOTAL TREND = 7.3%

Part A trend = 7.9%
(49% weight of total)

<https://public-inspection.federalregister.gov/2021-25052.pdf>

Part B trend = 6.8%
(51% weight of total)

<https://public-inspection.federalregister.gov/2021-25050.pdf>

Age 65+ = $\frac{\$320.01}{\$302.08} = 5.9\%$
(86% weight of Part B)

Disabled = $\frac{\$389.86}{\$364.65} = 6.9\%$
(14% weight of Part B)

I thought you said 5.5%?!

- Congress recently passed legislation that will extend Medicare's exemption from sequestration.
- The bill reinstates a reduced sequestration (1%) from April through June 2022.
- Since it is unclear how this will ultimately pan out, the sequestration factor is added back, which adds ~2% to the overall recommended trend.
- If sequestration is reintroduced during the performance year, it will be factored in at settlement.

Part B Example

TABLE 3—DERIVATION OF MONTHLY ACTUARIAL RATE FOR ENROLLEES AGE 65 AND OVER FOR FINANCING PERIODS ENDING DECEMBER 31, 2019 THROUGH DECEMBER 31, 2022

	CY 2019	CY 2020	CY 2021	CY 2022
Covered services (at level recognized):				
Physician fee schedule	\$73.10	\$62.11	\$70.96	\$68.60
Durable medical equipment	6.32	6.21	6.02	5.98
Carrier lab ¹	4.35	4.51	4.62	4.22
Physician-administered drugs	17.37	17.34	20.68	24.56
Other carrier services ²	9.29	8.87	8.91	9.01
Outpatient hospital	50.83	44.89	52.46	55.52
Home health agency	8.70	7.41	8.21	8.30
Hospital lab ³	2.04	2.16	2.15	1.95
Other intermediary services ⁴	19.12	17.40	17.55	17.94
Managed care	113.35	130.43	147.20	157.93
Total services	304.47	301.33	338.75	354.02
Cost sharing:				
Deductible	-6.32	-6.75	-6.93	-7.94
Coinsurance	-28.74	-25.73	-29.74	-26.06
Sequestration of benefits	-5.38	-1.79	0.00	-6.31
Total benefits	264.02	267.06	302.08	313.70
Administrative expenses	4.11	4.40	4.33	3.98
Incurred expenditures	268.14	271.46	306.41	317.68
Value of interest	-1.89	-1.33	-1.64	2.15
Contingency margin for projection error and to amortize the surplus or deficit ⁵	-1.35	13.07	-13.77	18.67
Monthly actuarial rate	\$264.90	\$283.20	\$291.00	\$334.20

Post cost-sharing with sequestration added back in

Not including contingency margin for COVID/Aduhelm

¹ Includes services paid under the lab fee schedule furnished in the physician’s office or an independent lab.

² Includes ambulatory surgical center facility costs, ambulance services, parenteral and enteral drug costs, supplies, etc.

³ Includes services paid under the lab fee schedule furnished in the outpatient department of a hospital.

⁴ Includes services furnished in dialysis facilities, rural health clinics, federally qualified health centers, rehabilitation and psychiatric hospitals, etc.

⁵ The significant negative margin included in the 2021 actuarial rate is attributable to the application of the provisions of the Continuing Appropriations Act, 2021 and Other Extensions Act.

Source: <https://public-inspection.federalregister.gov/2021-25052.pdf>

2022 Trend Rates



2021 Experience Estimate	3.5% Trend (APM All-Payer Growth Target)	7.3% Trend (Medicare Premium)	10.4% Trend (USPCC FFS)
Current (\$827)	\$856 PMPM ±\$10.9 million risk ¹	\$887 ±\$11.3	\$913 ±\$11.6
Estimated Settlement Corridor ²	±\$9.9	±\$10.2	±\$10.5

¹ Assumes 2.0% risk corridor

² Assumes 25% attrition

Estimated Medicare Total Cost of Growth to Date



	Year	Annual Growth	Annual Growth Target
Non-ESRD	2021	9.0% to 15.0%	4.2%
	2022	TBD	10.4%
ESRD	2021	4.0% to 15.0%	2.3%
	2022	TBD	7.6%

Compounding Growth	Compounding Growth Target
-0.6% to 0.8%	3.9%
<i>TBD</i>	5.2%
-2.4% to 0.1%	2.9%
<i>TBD</i>	3.9%

- Vermont will exceed annual growth targets, but the Agreement ties to the compounding growth to date. Within the range of potential growth for 2021, Vermont is likely to be well below those targets.
- Growth in 2022 would have to exceed 20% to risk exceeding the Medicare TCOC targets.
- However, that much growth in Medicare would likely cause the State to exceed the targeted range of growth for All-Payer TCOC (3.5% to 4.3% for all Vermonters). The margin for All-Payer allowable growth in 2022 is estimated to be between 5.5% and 16.7% statewide.

Medicare ACO and All-Payer Trends

Medicare ACO Trend	Estimated Contribution to All-Payer Growth
3.5%	0.6%
7.3%	1.4%
10.4%	2.1%

Board Decision

- Select trend rate based on Agreement parameters:
 - Non-ESRD: 3.5% to 10.4%
 - ESRD: 3.5% to 7.6%
- Propose retrospective trend (as was used in 2020 and 2021)

Public Comment

- OneCare Vermont submitted the only public comment referencing the Benchmark proposal. The comment expresses:
 - agreement about the high degree of uncertainty and the plan to review the 2021 experience with additional claims run out and
 - opinion that using the maximum allowable trend is the appropriate approach in order to:
 - maximize federal funds
 - provide financial arrangements to health care providers in line with Medicare Advantage

Staff analysis for using the maximum trend

- With a 2% risk corridor, using the maximum trend will increase the potential savings/losses to the ACO network by ~\$200,000 to \$300,000.
- One of the GMCB's duties in the Agreement is to set Benchmarks that enable the achievement of the Agreement's financial targets.
 - The maximum trend will make it more challenging to meet those targets in 2022, and beyond, if the extension is approved.
- No other estimates predict a growth rate this high for 2022.
 - Taking advantage of the high estimate now may mean less trust in the State in future agreements.

Staff Recommendation

- Staff recommends a trend rate of 7.3% for Non-ESRD and ESRD Benchmark.
- The proposal should include an advance of \$9,073,982 in shared savings.