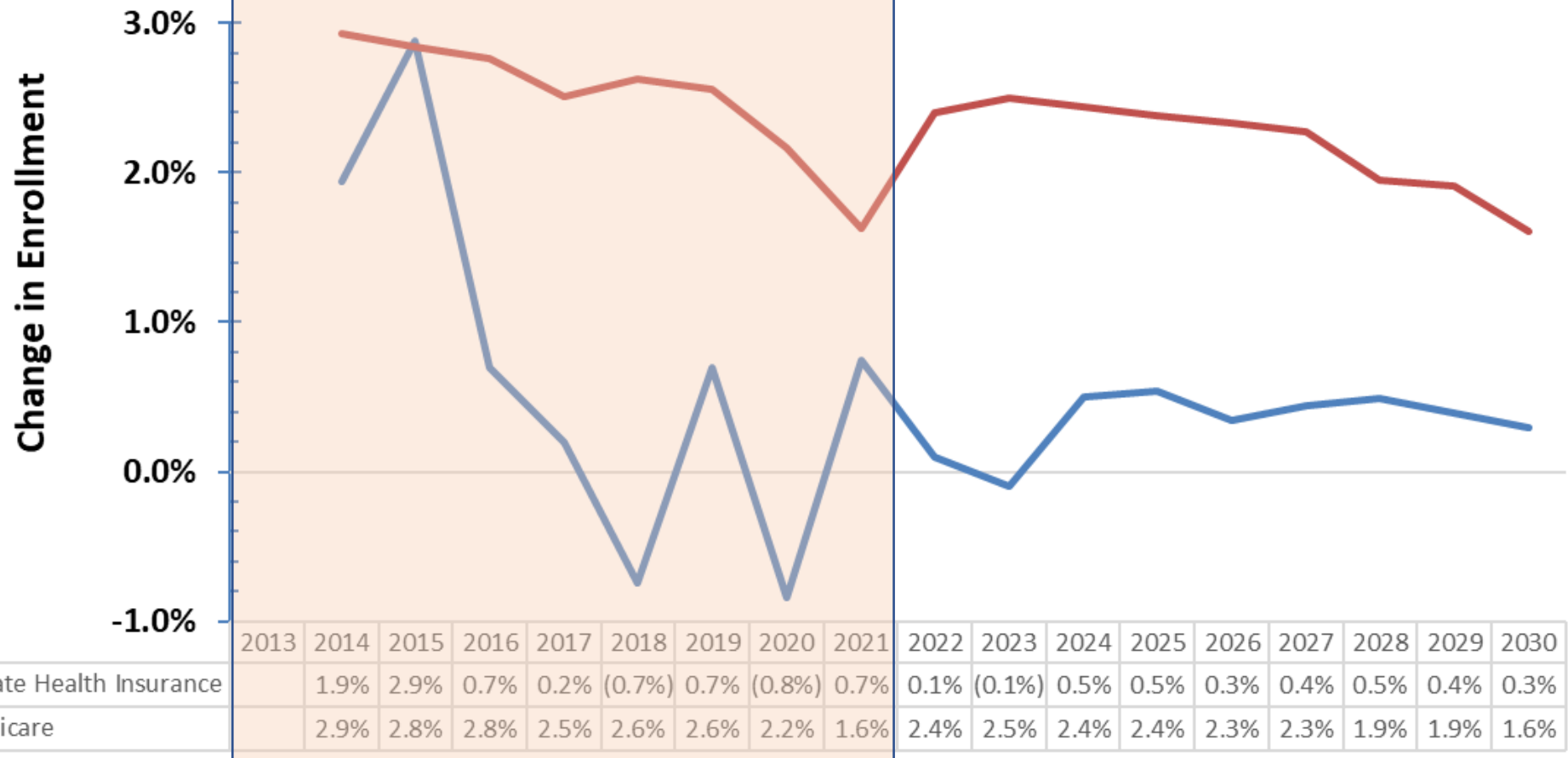




Medicare

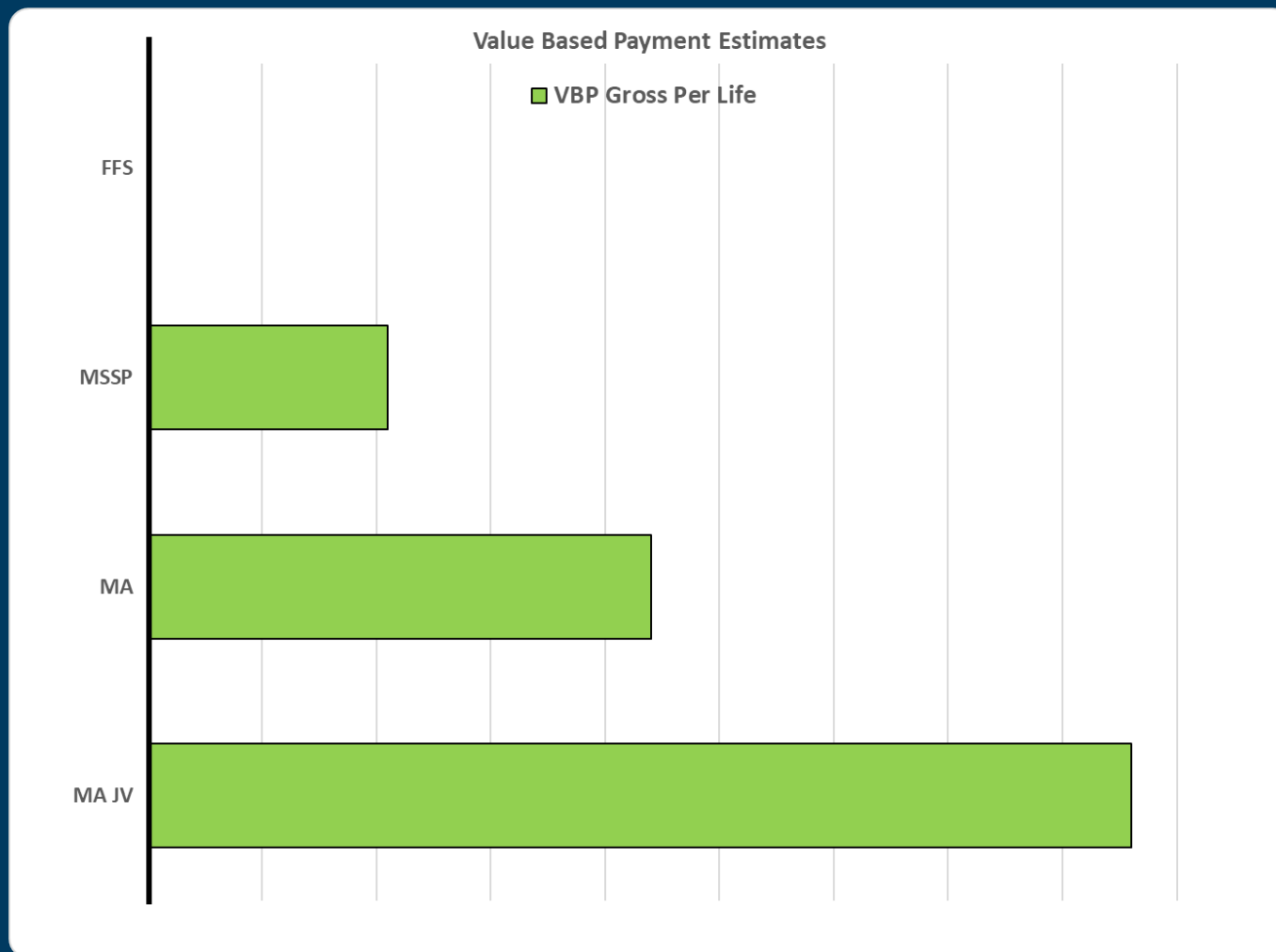


2021 Enrollment

Medicare: 62.5 million
PHI: 201.8 million

2022-30 Avg. % Growth

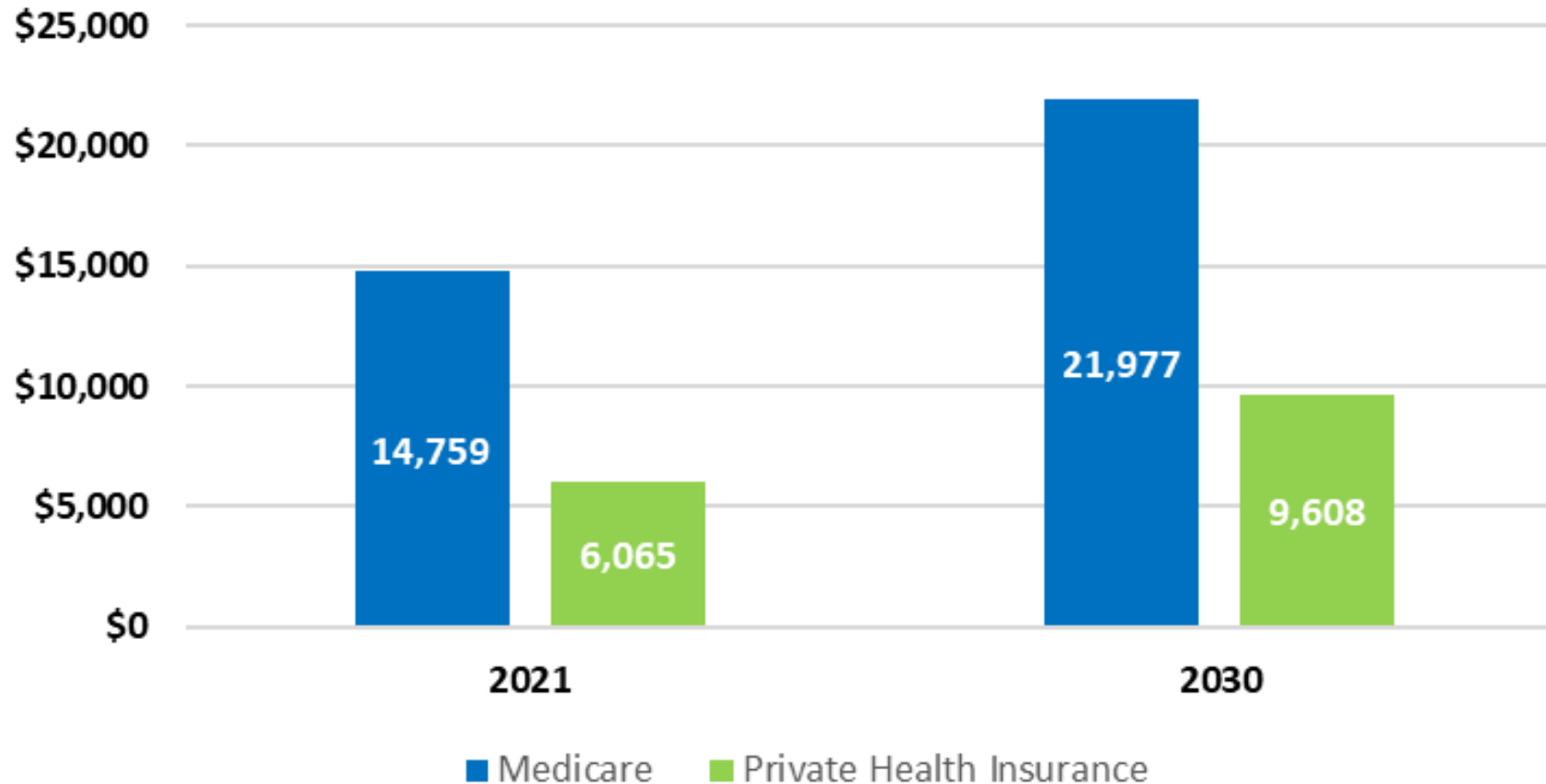
Medicare: 2.2% (1.5 million)
PHI: 0.3% (0.7 million)



Medicare has negative Op Margin

Opportunity exists to earn value-based payments under different models

Spending per Enrollee (dollars)



Medicare patients
consume more resources
than PHI patients

Part C & D Measures: 2023			
<u>Count</u>	<u>Category</u>	<u>Weights</u>	<u>% of Total</u>
2	Improvement Measure	10	10%
5	Intermediate Outcome Measure	13	13%
4	Measures Capturing Access	16	15%
12	Patients' Experience and Complaints Measure	48	46%
17	Process Measure	17	16%
40	TOTAL	104	

Patient experience and
Health Plan NPS matter
More

46% vs 23% in 2016

How do you measure Margin?

$$\begin{array}{|c|} \hline \text{FFS} \\ \hline \text{Margin} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Value Based} \\ \hline \text{Payments} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Total} \\ \hline \text{Profit (loss)} \\ \hline \end{array}$$

- Shared savings
- Surplus/deficit on cap
- MACRA APM

Payor and prior Auths for MA

- 35 million MA prior authorization in 2021
- 0.3 requests (Kaiser Permanente enrollee) to 2.9 requests per (Anthem enrollee)
- Over 2 million prior authorization denied
- Just 11% appealed -82% overturned

Risks for Medicare Abound

MA Part C
RADV*

MA Part D
IRA

Medicare
Trust Fund

MA Part B
Drugs

CMMI
Mandates

Benefit
Design

Disrupters

MA PPO >
MA HMO

MA Stars
Composition

*RADV = Medicare Risk Adjustment Data Validation

My Views

- Medicare enrollment is growing much faster than Private Health Insurance
- Medicare patients require more resources than commercial aged patients
- Most IDNs lose money/are only contribution margin positive on Medicare
- MA Stars are leaning more and more toward patient experience
- Profit(loss) must include Value Based Payments (incl. MACRA AAPM)
- (currently) Medicare participation options can be better than FFS Medicare
- Payors push medicare risk to you (prior auth, delayed discharges, etc)

My Conclusion

- Medicare can not be ignored
- You are bearing financial risk through negative operating margins, payors indirectly pushing risk to you, CMMI mandating programs, etc... active management better than passive acceptance
- Models exist that can generate incremental surplus (from shared savings to provider sponsored health plans and everything in between)
- Medicare program is constantly under assault from policy to solvency, be prepared for the unknown