The Medicare Improvements for Patients and Providers Act of 2008: Special Needs Plans

On July 15, 2008, Congress voted to override the President’s veto of a broad-ranging Medicare bill that prevented fee reductions to doctors serving Medicare patients. The bill, which is now law, also includes many key safeguards for beneficiaries such as protecting them from abusive marketing of Medicare Advantage plans. Among the law’s many provisions are a number relating to Special Needs Plans (SNPs). SNPs are a subset of Medicare Advantage plans. Created by the Medicare Modernization Act of 2003, SNPs serve high-risk Medicare beneficiaries and were intended to combat the lack of coordination and time-consuming health complexities that lead to delayed treatment, sicker patients and costlier care. Today, there are nearly 1.2 million Medicare beneficiaries enrolled in almost 800 SNPs across the country.

SNPs hold the promise of improving care for some of our most vulnerable populations who are often caught in the confusing maze of our health care system. There has been great skepticism, however, among policymakers and consumer advocates about the program. Their chief concerns lie in the rapid growth of a program without adequate standards and oversight mechanisms. Currently, and because of these concerns, there is a moratorium on the approval of new SNPs and the expansion of existing SNPs into new service areas.

The SNP provisions of the Medicare law represent a great step forward in helping to realize the promise of the program. This fact sheet outlines these provisions. For additional information, please contact Project Director, Renée Markus Hodin at hodin@communitycatalyst.org.

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**Moratorium:** On January 1, 2010, lifts the existing moratorium on the approval of new SNPs and the expansion into new service areas for existing SNPs for those plans meeting the new requirements of this law.

**Program Authority:** Extends authority for the SNP Program for one year, until December 31, 2010.

**Disproportionate SNPs:** Places a moratorium on the designation of new “disproportionate” SNPs, plans allowed to enroll non-special needs beneficiaries, until December 31, 2010.

**Targeting Enrollment:** As of January 1, 2010, 100% of the beneficiaries enrolled in SNPs must be special needs beneficiaries.
Care Management: All SNPs must meet the following care management requirements:

- Have an evidence-based model of care with appropriate networks of providers and specialists.
- Conduct an initial assessment and annual reassessment of physical, psychosocial and functional needs for each enrollee.
- Develop a plan with beneficiary consultation that identifies goals and objectives, including measurable outcomes and specific services for each enrollee.
- Use an interdisciplinary team for care management.

Institutional SNPs: Allows SNPs that serve beneficiaries living in institutions to enroll individuals living in the community who require an institutional level of care. The eligibility determination must be made by an independent organization using a state assessment tool.

Dual SNPs: Requires SNPs that serve beneficiaries dually eligible for Medicare and Medicaid to:

- provide prospective enrollees, prior to enrollment, a comprehensive written statement describing Medicaid benefits and cost-sharing protections; and which benefits and cost-sharing protections are covered by the plan.
- have contracts with state Medicaid agencies to provide or arrange for the provision of Medicaid benefits which may include long term care benefits. *IMPORTANT NOTE: States are not required to contract with SNPs. Existing dual SNPs that do not have a contract with the state Medicaid agency may continue to operate but may not expand into new service areas. New dual SNPs must have a contract in order to participate in the program.

The law also requires the Department of Health and Human Services to provide resources to states to assist with coordination of federal and state policies for dually eligible beneficiaries.

Chronic SNPs: As of January 1, 2010, requires SNPs serving beneficiaries with certain chronic or disabling conditions to:

- Limit enrollment to beneficiaries who meet the following criteria: they have (1) one or more co-morbid and medically complex chronic conditions that are substantially disabling or life threatening; (2) have a high risk of hospitalization or other significant adverse health outcomes; and (3) require specialized delivery systems across domains of care.

The law also requires the Department of Health and Human Services to create a panel of clinical advisers to determine the conditions that meet the definition of severe and disabling.

Quality Reporting: Requires SNPs to provide for the collection, analysis and reporting of data that allows for the measurement of health outcomes and other indices of quality.

Out of Pocket Cost Sharing for Duals: Prohibits SNPs serving dually eligible beneficiaries from imposing cost sharing that exceeds the cost sharing amounts under traditional (fee-for-service) Medicare.