



Preview of 2019 Medicare Advantage Benchmark Rates

Dennis J. Hulet, FSA, MAAA

axene health partners
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Good news for Medicare Advantage plans! The early preview of 2019 growth rates released by CMS on November 27th includes growth rates that are double those of the last three early previews. Table 1 of “Early Preview – CY2019 Medicare Advantage Ratebook Growth Rates” shows estimated growth rates of:

- 5.14% for Total USPCC and
- 4.29% for FFS USPCC.

As a reminder, the published Preview Growth Rates have been materially different than the Growth Rates included in the April Announcement. Table A shows the Growth Rates as provided by CMS over the last 3 years.

Table A
Growth Rates as Published by CMS for Bid Years 2016 - 2018

Bid Year	“Early Preview” Dec Prior Year		Advance Notice February		Announcement April (Final)	
	Total USPCC	FFS USPCC	Total USPCC	FFS USPCC	Total USPCC	FFS USPCC
2019	5.14%	4.29%	TBD	TBD	TBD	TBD
2018	2.42%	2.31%	2.70%	2.79%	2.53%	2.73%
2017	2.56%	3.10%	2.92%	3.06%	3.08%	3.12%
2016	2.45%	2.02%	2.68%	1.47%	5.04%	4.08%

Our analysis shows that these early preview growth rates will result in a 4.7% average increase in Capitation Rates with “0% quality bonus” (Benchmark Rates) before application of plan-specific risk adjustment. By county, the Benchmark Rate increase varies from +12.1% in Hampden County, MA to -2.3% in Henry County, KY. *Our analysis reflects the data provided by CMS in their Early Preview, the Medicare fee-for-service data provided for the 5-year averaging used to create the 2018 MA Capitation Rates (with our estimates for 2019) and November 2017 H-contract enrollment by county. Table B provides a summary by level of increase.*

Table B
Average 2019 Benchmark Rate (0% QBP) Increase by Level of Increase

Range of Increase	Average Increase in Range	Number of Counties	H-Contract Enrollment
>10%	12.0%	9	30,691
7.5% - 10%	8.1%	176	1,180,646
5.0% - 7.49%	5.9%	1309	4,726,922
2.5% - 4.99%	4.0%	1218	11,223,020
1.0% - 2.49%	1.8%	168	431,280
0.0% - 0.99%	0.4%	47	222,688
<0.00%	-0.5%	18	23,264
All Counties	4.7%	2945	17,838,511

Includes counties in 50 States+DC with November 2017 H-Contract enrollment reported by CMS.

The results included in Table B are for payments without any quality bonus and are after application of the pre-ACA capitation rate maximums. But, averages are not sufficient for financial planning. To kick off your 2019 MA Bid process, financial planning requires analysis focused on your specific mix of members and on counties that present favorable financial opportunities. So, what counties show the greatest potential based on the relative change in Benchmark Rate 2019 versus 2018? There are 195 counties in the 2018 CMS Capitation Rate table that have no H-Contract enrollment as of November 2017. However, of those counties that do have some November 2017 enrollment, there are the 9 counties showing increases of 10% or more. The 5 counties with the largest increase in the Benchmark Rate (and with H-Contract enrollment as of November 2017) are:

Table C-1
Counties with Highest Growth Rates (2019 versus 2018)

County & State	Est. 2019 Benchmark Rate	2018 Benchmark Rate	2019 Rate Increase	11/17 H-Contract Enrollment
Hampden, MA	\$880.95	\$786.04	12.07%	28,927
Cameron, LA	\$858.63	\$769.77	11.54%	163
Edwards, TX	\$922.17	\$828.52	11.30%	47
Lampasas, TX	\$1,135.29	\$1,020.28	11.27%	931
Carroll, MO	\$973.07	\$877.68	10.87%	198

Similarly, here are the 5 counties (with some enrollment) showing the lowest increase in the Benchmark rate.

Table C-2
Counties with Lowest Growth Rates (2019 versus 2018)

County & State	Est. 2019 Benchmark Rate	2018 Benchmark Rate	2019 Rate Increase	11/17 H-Contract Enrollment
Presidio, TX	\$703.17	\$706.31	-0.42%	105
Golden Valley, MT	\$822.19	\$828.53	-0.77%	55
Miller, MO	\$844.02	\$853.04	-1.06%	626
Stewart, GA	\$795.00	\$812.55	-2.16%	327
Henry, KY	\$857.64	\$877.53	-2.27%	982

Of the counties with no November 2017 enrollment, here are the 3 with the highest increase (Table C-3) and the 3 with the lowest increase (Table C-4).

Table C-3
No Enrollment Counties with Highest Growth Rates (2019 versus 2018)

County & State	Est. 2019 Benchmark Rate	2018 Benchmark Rate	2019 Rate Increase
Furnas, NE	\$1053.72	\$963.70	9.34%
Woods, OK	\$909.45	\$831.97	9.31%
Benewah, ID	\$915.42	\$838.59	9.16%

Table C-4**No-enrollment Counties with Lowest Growth Rates (2019 versus 2018)**

County & State	Est. 2019 Benchmark Rate	2018 Benchmark Rate	2019 Rate Increase
Ottawa, KS	\$918.42	\$918.04	+0.04%
Niobrara, WY	\$1187.88	\$1196.72	-0.74%
Denali & Yukon-Koyukuk, AK	\$936.46	\$950.86	-1.51%

Another metric that can help in creating a list of target counties for the upcoming bid year is the ratio of the Benchmark Rate to the FFS Rate. Table D-1 shows the five counties with the highest margin in the Benchmark Rate when compared to the FFS Rate including GME.

Table D-1**Counties with Highest 2019 Benchmark Margin (2019 Benchmark Rate vs 2019 FFS Rate including GME)**

County & State	Est. 2019 Benchmark Rate	Est. 2019 FFS Rate	Ratio of BM and FFS 2019 Rates	2018 Benchmark Rate	2018 FFS Rate	Ratio of BM and FFS 2018 Rates
Boundary, ID	\$821.31	\$716.09	1.1469	\$776.95	\$677.83	1.1462
Henry, AL	\$870.46	\$759.39	1.1463	\$831.02	\$726.69	1.1436
Lincoln, MT	\$869.54	\$758.55	1.1463	\$807.53	\$704.68	1.1460
Gillespie, TX	\$869.01	\$758.14	1.1462	\$831.03	\$728.06	1.1414
Montgomery, AR	\$878.24	\$766.42	1.1459	\$824.60	\$719.48	1.1461

Although having a higher than average growth in a Benchmark rate or a relatively high margin over the projected FFS rate does not assure a county will be financially viable, these metrics enable health plans to identify target counties that have a favorable starting position. Many other health-plan specific elements of MA operations and contracting need to be favorable as well to assure it is financially wise to enter (or continue in) a specific county.

As a start to a county list where the financial challenges may be the greatest, Table D-2 shows the five counties with the lowest (or negative) margin in the Benchmark Rate.

Table D-2**Counties with Lowest 2019 Benchmark Margin (2019 Benchmark Rate vs 2019 FFS Rate including GME)**

County & State	Est. 2019 Benchmark Rate	Est. 2019 FFS Rate	Ratio of BM and FFS 2019 Rates	2018 Benchmark Rate	2018 FFS Rate	Ratio of BM and FFS 2018 Rates
Bronx, NY	\$915.66	\$1093.17	0.8376	\$895.82	\$1061.85	0.8436
Richmond, NY	\$899.84	\$1032.24	0.8717	\$864.98	\$990.11	0.8736
Kings, NY	\$869.84	\$995.45	0.8738	\$823.14	\$959.89	0.8575
Genesee, MI	\$884.60	\$1002.08	0.8828	\$841.67	\$953.09	0.8831
New Haven, CT	\$892.47	\$1002.98	0.8898	\$858.96	\$965.07	0.8900

Final Thoughts

Other metrics can provide guidance for financial planning as well such as counties that provide double bonus opportunities, counties that have little or no reduction due to the pre-ACA maximums and payment drivers by type of services. If you would like more detail about our Benchmark Rate analysis, please contact Dennis J. Hulet, FSA, MAAA, Consulting Actuary with Axene Health Partners, LLC at 206.849.8752 or by email at dennis.hulet@axenehp.com.

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