

FAQ: Medicare Advantage Payment Rate Changes for 2015

Overview

The Frequently Asked Questions (FAQs) provided below have been developed to assist Cigna-HealthSpring Sales partners with potential questions they may encounter from clients and customers regarding funding cuts/changes to the Medicare Advantage (MA) program as a result of the final 2015 payment rates released by CMS April 7, 2014. We expect this topic to be covered in the local and national media, therefore prompting client and customer calls.

Total impact of the changes has been reported differently by CMS and industry carriers, both during the draft and final release periods. The difference in how the rate impact is being reported is mostly due to the fact that industry estimates factor in Affordable Care Act cuts that will phase in for the 2015 payment year and CMS does not. CMS is reporting a positive increase of +2.5% from the draft to final rates, with their estimate that the draft rates indicated a -1.9% reduction, while CMS indicates the final rates will increase by +0.4%. Cigna-HealthSpring is continuing to examine the detailed impact as it will vary by county reimbursements and star ratings, but our estimated impact to the industry is consistent with analysts' reports that the Medicare Advantage program is facing an average 3% cut from 2014 to 2015, when factoring in CMS changes with ACA and other industry fees set to take effect in 2015.

Even with the changing health care environment, Cigna-HealthSpring is well-positioned to continue growing and delivering value to current and future customers and it's important we clearly communicate these strengths to our customers.

Customers will not see an immediate impact or any changes to their 2014 benefits. As always occurs with renewals, these changes may impact 2015 plan rates and/or standard benefit plan designs.

What impact does this have on Cigna-HealthSpring clients' and customers' 2014 benefits?

There are no changes to customers' current plans due to this news. Benefits, coverage and rates for the remainder of 2014 will remain the same. There are no changes to customers' doctors, drugs or hospitals. All customer service and other contacts will remain the same for 2014.

What impact will this have on clients' and customers' in the 2015 plan year?

As with any plan renewal, year-over-year changes may result in changes to rates or to the standard benefit plan designs we offer. Specific details regarding any potential 2015 changes will be addressed once 2015 plan benefits are finalized (or during the renewal process for employer group clients). There are no changes to customer's doctors, drugs or hospitals as a result of this announcement. Customer service and other contacts remain the same.

Will Cigna-HealthSpring continue to offer Medicare Advantage coverage?

Yes. We will still offer Medicare Advantage coverage in our current service areas in 2014. We will also continue to move forward with plans to expand Cigna-HealthSpring Medicare Advantage coverage to additional markets in 2015. We will continue to serve our clients and customers with excellent service as we always have, and deliver the high quality care our clients and customers know and expect from us.

Is the Medicare Advantage program going away?

No. Medicare Advantage provides care to 15 million people (nearly 1 in 3 Medicare beneficiaries) and those with Medicare Advantage are very satisfied with the care they receive. This year there are just combined affects with the Affordable Care Act changes that are set to go into effect in 2015.

Does this negatively affect the Cigna-HealthSpring business model?

No. Cigna-HealthSpring is one of the leading Medicare Advantage plans in the U.S. Our Medicare business has historically been a leader in health care innovation and we are confident we are well positioned to continue delivering value to our customers even in the changing health care environment.

What is Cigna-HealthSpring doing to prevent these proposed funding cuts?

Our biggest priority is the health and well-being of our customers. Therefore, Cigna-HealthSpring has been working closely with members of Congress and CMS to minimize disruption and potential negative impacts to customers. In fact, CMS did make positive changes to the final rates from what they had first proposed because Cigna-HealthSpring, Congress and beneficiaries voiced their concerns about cuts to the Medicare Advantage program. We will continue to work with CMS to identify options that minimize risks and disruption to our customers. Industry experts believe that cuts to the Medicare Advantage program result in increased costs and reduced benefit choices for Medicare Advantage beneficiaries and that is the last thing we want to see happen.

What can clients or customers do to voice concerns about these proposed cuts?

They can call their Representatives in Congress to get more information and ask them what they plan to do to prevent Medicare Advantage benefits from changing.

Hasn't Medicare Advantage always been overpaid when compared to Original Medicare and these cuts are just equalizing payments?

Years ago, CMS did pay Medicare Advantage more for services than Original Medicare to spur innovation within programs; improve quality of care and thus deliver more value. Much of that has been realized and the higher payment levels have since been reduced to a small surplus level and will continue to be reduced until 2017 when payments to Medicare Advantage will be equal to Original Medicare. In addition, Medicare Advantage provides extra services that Original Medicare doesn't offer, like vision, dental, hearing, transportation, and gym memberships.

What should I do if the news media contacts me about this announcement?

Cigna employees, consultants and suppliers must not communicate with the external news media without the prior authorization and approval of Cigna Corporate Communications. This includes communications of any kind with newspapers, magazines, TV, radio, or online media or social networking media. If you receive questions from the media on this news, you should refer them to Cigna Corporate Communications at media@cigna.com or 1.860.226.0717.