Medicare Advantage plans are offered by private companies contracted to administer Medicare Parts A and Part B coverage together, with the option of offering Medicare Part D prescription drug coverage. Also known as Medicare Part C, these plans include Health Maintenance Organizations, Preferred Provider Organizations, Private Fee-for-Service Plans, Special Needs Plans and Medicare Medical Savings Account Plans.

Each year, the Centers for Medicare and Medicaid Services (CMS) announce changes to the Medicare Advantage and Medicare Part D programs in its annual Rate Announcement and Call Letter. (Better known as its Call Letter.) CMS has finalized its updates for 2017, and they include a variety of implications for both insurers and beneficiaries.

Here’s what your pharmacy needs to know about patients with Medicare Advantage plans in 2017.

**Improvements in accuracy when interpreting plan performance**
For 2017, CMS intends to better interpret plan performance among plans with a high percentage of dual-eligible or low-income beneficiaries. This will allow for these plans to achieve higher Star Ratings where deserved.

**Reduction of opioid overuse**
To continue reducing the number of Medicare Part D beneficiaries who overuse their opioid prescriptions, CMS will work to control opioid sales using “point-of-sale edits,” or safeguards, before opioid prescriptions are given to patients. This is intended to limit the number of false positive results for opioids as well as mitigate opioid prescription abuse.

**Addition of medication-assisted treatment coverage**
In order to improve access for beneficiaries to medication-assisted treatment (MAT), CMS will ensure that Medicare Advantage plans provide the same MAT coverage and substance use disorder treatment coverage as Original Medicare provides. In addition, Medicare Part D plans, which cover MAT, will be required to ensure access to this treatment.
Improvements in drug utilization among beneficiaries
With regards to the Medicare Part D program, CMS plans to address certain drug utilization issues. To help eliminate prescription drug waste, prescriptions will be limited to one-month supplies. In cases where patients are given multiple-month prescriptions, and don’t need to complete all months’ worth of medication, a shorter prescription will reduce the amount of drug waste.

Plan sponsors will be required to inform beneficiaries of any new drug coverage that becomes available to them mid-year, giving them access to better quality medication options if needed.

Medicare Advantage rates
CMS finalized the Medicare Advantage rates for 2017. The Advance Notice, which was released in February, had estimated a 1.35 percent increase in Medicare Advantage rates. The finalized rate increase came in much lower at .85 percent. Changes in these rates are due to a higher standard initial deductible, higher initial cover limit and better donut hole, or coverage gap, for generic and brand medications.

The standard initial deductible for 2017 is $400, a $40 increase from the 2016 standard initial deductible of $360. The initial coverage limit for 2017 is $3,700, a $390 increase from the 2016 initial coverage limit of $3,310.

Those who reach the donut hole of their Medicare Part D coverage will receive a 49 percent discount on generic prescription drugs, an increase of 7 percent from 2016. They will also receive a 60 percent discount on brand medications, an increase of 5 percent from 2016.

What this means for Medicare Advantage beneficiaries
The finalized changes announced in the 2017 Rate Announcement and Call Letter are intended to improve the Medicare Advantage and Medicare Part D programs and provide better quality care to beneficiaries, including those from low-income households and dually-eligible individuals.

But some see these changes as more beneficial to the insurers than the beneficiaries. For example, changes in interpreting plan performance will help some companies gain a higher rating, yet won’t affect the beneficiaries. And, changes in drug utilization may prevent some beneficiaries from paying for more medication than they need, but it may help the insurers more since they often cover a majority of these costs.

Plan sponsors argue that beneficiaries should see the .85 percent increase in Medicare Advantage rates as a win compared to the proposed 1.35 percent increase, but many are unsure if these improvements are worth the elevated rates.

Beneficiaries are worried that the only change they’ll see is higher costs. They’re frustrated that the rate increase is estimated to elevate revenue by 3.05 percent for plan sponsors in 2017.
Many Medicare enrollees have changed to Medicare Advantage plans because of favorable rates due to a competitive marketplace. But this competition seems to be lessening, creating a major cause for concern for beneficiaries. Some worry that this, complemented by the consolidation of plan providers, might keep some providers from actually improving quality.

Insurers will be spending their time creating Medicare Advantage plans that align with the updates and changes announced in the Call Letter until October 2016, when the Medicare Advantage enrollment period begins. Beneficiaries are encouraged to stay updated on any additional information regarding 2017 Medicare Advantage plans that may be released by CMS.

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