

## Case in Point: FOR DUAL SNP PLANS, SMALL PERCENTAGES CAN MEAN LARGE FISCAL RESULTS

### Dual Status Re-determination for Dual Special Needs Plans

#### Problem Definition

In 2008, the management of a 16,000-member, dual special needs plan wanted to find a resource that could help both 1) *reactively* reduce SNP dis-enrollment resulting from members neglecting to renew their dual status and ultimately 2) *proactively* re-enroll members for their Medicare Savings Programs *ahead* of their re-determination dates. On average, the plan experienced a fall-off of over 100 members per month. Management understood the fiscal impact of this:

- **Capitation lost** due to member fall-off averaged \$1,400 per member per year, *if* the member could be successfully moved to another plan. If not, the loss in revenue was significantly greater.
- There also were **high costs to administer dis-enrollment** from the SNP and migration to another plan... or dis-enrolling the member altogether if he/she elected to shop elsewhere for coverage.
- Finally, the “**replacement**” **acquisition cost** associated with finding a new member was considerable (some estimate this cost to approach \$600 per member).

#### Actions Taken

The plan asked Human Arc to conduct a pilot project in the latter part of 2008 to perform *reactive* outreach and Medicaid program re-enrollment among its members who had been identified as having lost their Medicaid benefit. Through careful review of state and other data files, Human Arc contacted these individuals and helped a large number to regain the dual status they needed to remain enrolled as dual SNP members. Soon thereafter, the plan had Human Arc initiate *proactive* dual re-enrollment among its SNP members *prior* to their re-determination dates in order to further decrease fall-off rates and maintain annuity income levels for the plan.

#### Results

From an average of 0.69% in 2008, the plan’s **fall-off rate was reduced by Human Arc’s Dual Special Needs Plan Services to as little as 0.36%** . . . averaging 0.44% in June-July 2009. This translates to between 23 and 38 fewer member fall-offs per month than was the experience prior to Human Arc’s work. Over the course of a year, this would suggest between 275 and 450 more members are successfully retained in the health plan with sustained dual-enrolled status.

In fiscal terms, even at a conservative per-fall-off \$500 administrative cost (to dis-enroll and either re-enroll in some other plan or replace those who dis-enroll completely from the plan), Human Arc’s dual status re-determination and re-enrollment efforts are expected to yield this plan, on a yearly average basis:

- Over \$500,000 in **capitation preserved** rather than lost due to fall-off.
- Almost \$200,000 in administrative **costs avoided**.
- \$700,000 in **aggregate value added**.

