



## OFFICE OF THE ACTUARY

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**Date:** November 1, 2017

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Chief Actuary, Centers for Medicare & Medicaid Services

**Subject:** Recertification of the Medicare Diabetes Prevention Program Expansion

### **Certification**

On March 14, 2016, the Office of the Actuary certified that a specific considered expansion of the YMCA of the USA Diabetes Prevention Program (Y-USA DPP) would not result in an increase in Medicare spending.<sup>1</sup> The final rule laying out the specific parameters for the Medicare Diabetes Prevention Program (MDPP) expansion that will be implemented included revisions to the program that were not considered in our initial certification. Based on our evaluation of the finalized MDPP, I certify that the MDPP would not result in an increase in spending. The remainder of this memorandum summarizes the changes to the program and our analysis of those revisions.

### **Final Rule Revisions**

At the time of certification, the MDPP was designed to be a lifetime benefit. As long as weight loss was maintained, participants could continue to attend maintenance sessions indefinitely. However, the final version of the MDPP will last 2 years: 6 months for the core benefit, 6 months for the core maintenance period, and a maximum of 1 year for ongoing maintenance sessions.

When the MDPP was certified, the maximum payment in the first 2 years of the program was \$630 for a participant achieving weight loss and \$175 for a participant not achieving weight loss. Under the final rule, which included revisions to the payment schedule, the maximum payment is \$670 for a participant achieving weight loss and \$195 for a participant not achieving weight loss. The following table provides a summary of the finalized payment schedule.

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<sup>1</sup> <https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/ActuarialStudies/Downloads/Diabetes-Prevention-Certification-2016-03-14.pdf>

| Performance Goal   | Performance Payment Per Beneficiary |                                      |
|--|-------------------------------------|--------------------------------------|
|  | With required minimum weight loss   | Without required minimum weight loss |
| First core session attended  | \$25                                | \$25                                 |
| Four total core sessions attended  | \$50                                | \$50                                 |
| Nine total core sessions attended  | \$90                                | \$90                                 |
| Two sessions attended in first core maintenance session interval (months 7-9 of the MDPP core services period)   | \$60                                | \$15                                 |
| Two sessions attended in second core maintenance session interval (months 10-12 of the MDPP core services period)  | \$60                                | \$15                                 |
| 5% weight loss achieved  | \$160                               | \$0                                  |
| 9% weight loss achieved  | \$25                                | \$0                                  |
| Two sessions attended in ongoing maintenance session interval (four consecutive 3-month intervals over months 13-24 of the MDPP ongoing services period) | \$50                                | \$0                                  |
| <b>Total performance payment</b>   | <b>\$670</b>                        | <b>\$195</b>                         |

Other policy changes that were included in the final rule are as follows:

- The final rule allows for providers to offer virtual make-up sessions at the request of participants; however, there are strict limitations on the number of sessions allowed, and weight loss payments cannot be triggered with these sessions.
- A bridge payment of \$25 was created for MDPP suppliers who assume responsibility for a participant previously receiving services from another supplier.
- The payments to providers will be updated each year by the growth in the Consumer Price Index (CPI).
- Suppliers may receive maintenance session attendance payments when participants attend two out of three maintenance sessions—rather than all three sessions, as had previously been the case.

### Impact of Changes on Certification

Evidence that was available during our certification of MDPP did not include testing a lifetime benefit. For the initial certification, we assumed that the lifetime benefit would likely have some positive effect on savings, but this impact was not quantifiable. Limiting the benefit to 2 years aligns more closely with the available evidence supporting the potential for MDPP savings.

Payments to providers are slightly higher than those initially considered and will now be updated by the CPI annually. We find that our prior analysis or conclusions would not be affected by indexing the payments to inflation and increasing the payments for 2018 to account for inflation that has occurred since the program was tested.

The other policy changes would also have a minimal effect on the financial impact of the program. In particular, since virtual sessions could not trigger weight loss payments, we find that making these sessions available on a limited basis would have little impact on MDPP savings. In addition, the bridge payments are expected to be minimal. Even if, in modeling potential savings of an MDPP expansion, we were to assume that the bridge payment would be applied to all participants (which is a very unlikely scenario), projected savings would still be expected under otherwise realistic scenarios. Finally, participants who attend one less session during a maintenance period are likely to have little impact on MDPP savings since the projected savings are driven mostly by weight loss achievement.

## **Conclusion**

The revisions to the MDPP that was evaluated for the initial certification are expected to have a negligible effect on the financial impact of the program. As we did for that evaluation, for this analysis we are again following the guidance indicating that the costs associated with expected mortality improvements should not be considered for the purposes of certification. Based on that guidance, and after consideration of the final parameters of the MDPP expansion, our analysis continues to support certification that the finalized MDPP program is expected to reduce Medicare expenditures.