MILLIMAN BRIEF

Overview of Medicare Advantage supplemental healthcare benefits and review of Contract Year 2020 offerings

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Many Medicare Advantage plans offer additional benefits beyond what is offered by traditional Medicare.

Medicare Advantage (MA) plans, private plans offering Medicare benefits, must cover all benefits covered by original Medicare at a level of cost sharing that is, in aggregate, no greater than original Medicare. Within this payment structure, MA plans are allowed to offer benefits not covered under traditional Medicare. The benefits that MA plans offer in addition to the coverage of traditional Medicare, known as supplemental benefits, are one of two types: (1) providing enhanced coverage of a Medicare-covered service such as lowering the standard deductible and/or copay applicable to the cost of an inpatient stay, or (2) providing a non-Medicare covered benefit such as dental, vision, and/or Part D coverage. This paper focuses on the supplemental benefits exclusive of Part D coverage.

Background and current state of supplemental benefits

Supplemental benefits have been an important differentiator among MA plans since the program's inception, allowing prospective members to identify plans that offer additional benefits specific to their needs. For example, a Medicare-eligible member, who wears glasses and needs an annual eye exam and coverage for contacts or glasses, may seek to enroll in a Medicare Advantage plan that offers those benefits rather than paying for them out-of-pocket. MA plans have responded to members' needs by offering benefits that they believe to be the most desirable for the population the MA plan wishes to insure in order to encourage enrollment in their plan. Figure 1 shows that the most popular of these benefits in Contract Year (CY) 2020 are vision (exams and/or eyewear), hearing (exams and/or aids), fitness, and dental benefits, based on the number of plans choosing to offer these benefits.

FIGURE 1: PREVALENCE OF TRADITIONAL SUPPLEMENTAL BENEFITS*

BENEFIT	# OF PLANS	BENEFIT	# OF PLANS
Vision	4,041	Smoking/tobacco cessation counseling	1,092
Fitness benefit	3,815	Acupuncture	894
Hearing	3,810	Personal emergency response system (PERS)	647
Dental	3,443	Medical nutrition therapy (MNT)	467
OTC prescription card	3,056	Nutritional/dietary benefit	446
Remote access technologies	2,858	Bathroom safety devices	323
Meal benefit	2,048	Enhanced disease management	316
Transportation benefit	1,868	Telemonitoring services	281
Health education	1,260		

* Numbers exclude Employer Group Waiver Plans (EGWPs), Cost plans, Medical Savings Account (MSA) plans, and Medicare-Medicaid Plans (MMPs); 4,264 total plans

Historically, the types of benefits able to be offered have been narrowly defined by Centers for Medicare & Medicaid Services (CMS). However, that has changed in recent years to address, among other things, the needs of the chronically ill.

Recent changes

In the past two years, CMS expanded the types of benefits that could be offered as supplemental benefits and gave additional flexibility to Medicare Advantage organizations (MAOs) with regard to these benefits. Under CMS guidelines issued in spring 2018, plans have more flexibility with regard to the benefits they are permitted to offer. Milliman reviewed the number of MA plans that are utilizing this new benefit flexibility in 2020. This flexibility expands the types of supplemental benefits that can be provided to all enrollees ("'primarily health related' for supplemental benefits") and allows plans to offer different cost-sharing or additional benefits to specific subsets of their enrollees ("uniformity requirement"). In spring 2019, CMS further expanded the flexibility of these benefits by allowing MA plans to

offer special supplemental benefits for the chronically ill (SSBCI). It is important for Medicare beneficiaries who choose to enroll in Medicare Advantage plans to consider supplemental benefits in the context of all of their healthcare needs as well as any cost sharing and member premium.

Reinterpretation of "primarily health related" for supplemental benefits

CMS used the 2019 Announcement[1] to expand the scope of "primarily health related" supplemental benefits to "permit MA plans to offer additional benefits as 'supplemental benefits' so long as they are healthcare benefits." Previously, the standard did not allow a benefit "if the primary purpose [was] daily maintenance." Further guidance was issued on this reinterpretation on April 27, 2018,[2] and included, as examples, the following nine services: adult day care services (adult day health services), home-based palliative care, in-home support services, support for caregivers of enrollees, medically-approved non-opioid pain management (therapeutic massage), stand-alone memory fitness benefit, home & bathroom safety devices & modifications, non-emergency medical transportation, and over-the-counter (OTC) benefits.

Prior to this, bathroom safety devices, non-emergency medical transportation, and OTC benefits were allowable benefits for MA plans, but their scope has expanded under this reinterpretation. The bathroom safety devices & modifications category was amended to include home modifications (e.g., stair rails and treads), non-emergency medical transportation was amended to include a health aide to assist the enrollee to and from the destination, and OTC benefits can now include pill cutters, crushers, and bottle openers. A dual eligible special needs plan (D-SNP) could offer non-skilled in-home support services, supports for caregivers of enrollees, home modifications, and adult day care services prior to CY 2019. Under the expansion, any MA plan can now offer these benefits.

Figure 2 shows the number of plans offering one of the new supplemental benefits identified by CMS in CY 2019 and CY 2020. All of these benefits were offered by more plans in CY2020, with the largest increase seen in plans offering a therapeutic massage benefit.

FIGURE 2: SUMMARY OF EXPANDED SUPPLEMENTAL BENEFITS*

BENEFIT	CY 2019 PLANS	CY 2020 PLANS
Adult Day Health Services	0	63
Home-Based Palliative Care	29	58
In-Home Support Services	51	148
Support for Caregivers of Enrollees	N/A**	77
Therapeutic Massage	22	180
Total (96 plans offer more than one of these benefits in 2020; none did in 2019)	102	351

* Numbers exclude EGWPs, Cost plans, MSA plans, MMPs, and dual eligible special needs plans (D-SNPs); D-SNPs excluded as these benefits were previously allowable benefits for D-SNP beneficiaries; 3,713 plans in CY 2020 are subject to this reinterpretation.

** Support for caregivers of enrollees classified differently in CY 2019.

As bathroom safety devices, non-emergency medical transportation, and OTC benefits were previously allowable supplemental benefits, it is unclear from the publicly available files we reviewed[3,4] whether MA plans are now providing these benefits because of the definition expansion, or because the plan just wishes to add supplemental benefits. In addition, some of the benefits now classified as support for caregivers could have been classified differently and offered as a benefit to enrollees in prior years. As such, we have not included these benefits in Figure 2.

Uniformity flexibility and SSBCI

Historically, MA plans have been required to offer identical benefits (i.e., same cost sharing and services) to all enrollees to ensure that all beneficiaries have access to the same care.

UNIFORMITY FLEXIBILITY

CMS provided guidance on April 27, 2018,[5] that allowed MA plans to offer benefits targeting specific disease states as long as "similarly situated individuals are treated uniformly," a reinterpretation of the original uniformity requirement. This rule allows MA organizations to reduce cost sharing for certain covered benefits (e.g., offering diabetic enrollees a lower deductible) or to tailor supplemental benefits (e.g., "nonemergency transportation to primary care visits for enrollees with CHF") for enrollees who meet specific medical criteria, as long as all enrollees who meet the identified criteria receive the same access to these targeted benefits.

Figure 3 shows the 10 most targeted disease states by plans using this new benefit flexibility in CY 2020 (i.e., offering a

[1] CMS (April 2, 2018). Announcement of Calendar Year (CY) Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter. Retrieved March 27, 2020, from https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2019.pdf
[2] CMS (April 27, 2018). HPMS Memo. Primarily Health Related 4-27-18. Retrieved March 27, 2020, from https://www.cms.gov/Research-Statistics-Data-and-Systems/Computer-Data-and-Systems/HPMS/HPMS-Memos-Archive-Weekly-Items/SysHPMS-Memo-2018-Week4-Apr-23-27.html.
[3] CMS. PBP Benefits - 2019 - Quarter 1. Retrieved March 27, 2020, from https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/Benefits-Data-Items/2019-PBP-Benefits-Q1.html
[4] CMS. PBP Benefits - 2020 - Quarter 2. Retrieved March 27, 2020, from https://www.cms.gov/research-statistics-data-and-systemsstatistics-trends-and-reportsmcradvpartdenroldatabenefits-data/2020-pbp-benefits-q2
[5] CMS (April 27, 2018). HPMS Memo. Uniformity Requirements 4-27-18. Retrieved March 27, 2020, from https://www.cms.gov/Research-Statistics-Data-and-Systems/Computer-Data-and-Systems/HPMS/HPMS-Memos-Archive-Weekly-Items/SysHPMS-Memo-2018-Week4-Apr-23-27.html.

uniformity flexibility package). Diabetes, congestive heart failure, and chronic obstructive pulmonary disease (COPD), three disease states among those traditionally targeted by disease management programs, top the list, with diabetes the most targeted disease state by a significant margin.

FIGURE 3: MOST TARGETED DISEASE STATES FOR PLANS OFFERING A UNIFORMITY FLEXIBILITY PACKAGE

BENEFIT	REDUCED COST-SHARING	ADDITIONAL BENEFITS	ONE OR BOTH
Diabetes	117	114	206
Congestive heart failure	30	86	98
COPD	15	60	69
Pre-diabetes	0	44	44
Hypertension	0	28	28
Cellulitis	0	24	24
Pneumonia	0	24	24
Opiate use disorder	11	11	22
Falls or history of falls	0	18	18
Femur fracture	0	18	18
Total	131	209	292

* Numbers exclude EGWPs, Cost plans, MSA plans, and MMPs; 4,264 total plans

SSBCI

CMS provided guidance on April 24, 2019,[6] that allows plans to offer benefits that are both not primarily health related and offered non-uniformly to eligible chronically ill enrollees. The main requirement for these benefits is that the "item or service [have] a *reasonable* expectation of improving or maintaining the health or overall function of the chronically ill enrollee."

Figure 4 shows the benefits in CY 2020 that plans added under this new guidance. Meals offered under this benefit differ from the traditional supplemental benefit because they would only be offered to a subset of the plan's members.

FIGURE 4: SSBCI BENEFITS BY PLAN COUNT

BENEFIT	# OF PLANS	BENEFIT	# OF PLANS
Pest control	118	Service dog support	51
Food and produce	101	Structural home modifications	44
Transportation for non-medical needs	88	Social needs benefit	34
Meals	71	Services supporting self-direction	20
Transitional/temporary supports	67	Complementary therapies	1
Indoor air quality equipment / services	52	**Total**	**245**

* Numbers exclude EGWPs, Cost plans, MSA plans, and MMPs; 4,264 total plans

Sources and assumptions

The analysis provided in this issue brief is based on the CMS files named "PBP Benefits - 2019 - Quarter 1," "PBP Benefits - 2020 - Quarter 1," and "PBP Benefits - 2020 - Quarter 2." We summarized plans offering new benefits as specified in the CMS file "CY2020_Bid_Manual_Combined.pdf." A different set of assumptions may produce different results.

Caveats and disclosures

The analysis provided in this brief is based on benefit information made available by CMS. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

This brief was commissioned by the Better Medicare Alliance, Inc.

Catherine Murphy-Barron and Eric Buzby are members of the American Academy of Actuaries and meet its qualification standards to provide this analysis.

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[6] CMS (April 24, 2019). Implementing Supplemental Benefits for Chronically Ill Enrollees. Retrieved March 27, 2020, from https://www.cms.gov/Medicare/Health-Plans/HealthPlansGenInfo/Downloads/Supplemental_Benefits_Chronically_Ill_HPMS_042419.pdf.