MILLIMAN BRIEF

Overview of Medicare Advantage supplemental healthcare benefits and review of Contract Year 2022 offerings

Commissioned by Better Medicare Alliance, Inc.

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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 healthcare benefits to Medicare[1] beneficiaries, must cover all traditional Medicare benefits at a level of cost-sharing that is, in aggregate, no greater than that of traditional Medicare (Medicare fee-for-service (FFS)). 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 Medicare FFS-covered services such as lowering the standard deductible and/or copay applicable to the cost of an inpatient stay, or (2) providing non-Medicare FFS covered benefits such as dental, vision, and/or Part D coverage. This paper focuses on the supplemental non-Medicare FFS-covered benefits exclusive of Part D coverage.

BACKGROUND

Supplemental benefits have been an important differentiator among MA plans since the program's inception, allowing prospective members to identify plans that offer 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 an MA plan that offers those benefits rather than paying for them out-of-pocket. It is important for Medicare beneficiaries who choose to enroll in MA plans to consider supplemental benefits in the context of all their healthcare needs as well as any cost-sharing and member premium.

Historically, the types of permissible supplemental benefits were narrowly defined by the Centers for Medicare & Medicaid Services (CMS). Figure 1 shows the most popular of these benefits in contract year (CY) 2022 across all MA plans, with vision (exams and/or eyewear), hearing (exams and/or aids), fitness, and dental benefits being the most popular, based on the number of plans choosing to offer these benefits.

FIGURE 1: PREVALENCE OF TRADITIONAL SUPPLEMENTAL BENEFITS*

BENEFIT	CY 2021 PLANS	CY 2022 PLANS	BENEFIT	CY 2021 PLANS	CY 2022 PLANS
Vision	4,666	5,175	Health education	1,591	1,796
Hearing	4,483	5,019	Smoking/tobacco cessation counseling	1,247	1,690
Fitness benefit	4,456	4,987	Nutritional/dietary benefit	333	1,422
Dental	4,208	4,860	Personal emergency response system (PERS)	971	1,337
OTC prescription card	3,796	4,479	Medical nutrition therapy (MNT)	203	554
Remote access technologies	3,406	3,798	Bathroom safety devices	415	547
Post-acute meal benefit	2,755	3,639	Enhanced disease management	328	323
Transportation benefit	2,212	2,647	Telemonitoring services	321	245
Acupuncture	1,114	1,898			

* Numbers exclude Employer Group Waiver Plans (EGWPs), Cost plans, Medical Savings Account (MSA) plans, Part B Only plans, and Medicare-Medicaid Plans (MMPs); 5,312 total plans in CY 2022; 5,311 plans will offer additional non-Medicare covered supplemental benefits in CY 2022

In 2018 and 2019, CMS expanded the range of benefits that could be offered to all enrollees under the "primarily health related" definition of supplemental benefits, which allowed plans to offer different cost-sharing or additional benefits to specific subsets of their enrollees ("uniformity requirement") and allowed MA plans to offer special supplemental benefits for the chronically ill (SSBCI)[2].

[1] The Medicare Payment Advisory Commission. "Medicare 101." Retrieved February 16, 2022, from https://www.medpac.gov/medicare-101.
[2] Johnson, Nicholas, and Michael Polakowski. "Medicare Advantage: Changes and Updates to Enhanced Benefits." *SOA Health Watch*, no. 88, Feb. 2019, p. 30. Retrieved February 16, 2022, from https://www.soa.org/globalassets/assets/library/newsletters/health-watch-newsletter/2019/february/hsn-2019-iss88-johnson.pdf.

"PRIMARILY HEALTH RELATED" DEFINITION

CMS used the 2019 Announcement[3] 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,[4] 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 and bathroom safety devices and 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 was expanded under this reinterpretation. The bathroom safety devices and 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 focuses on supplemental benefits that are now allowable due to the expanded definition and shows the growth in these offerings over the last three years. In-home support services had the largest growth in plan prevalence among these benefits, most notably from 2021 to 2022. The prevalence of support for caregivers of enrollees almost doubled from 2020 to 2022, bringing it up to a similar prevalence of home-based palliative care and therapeutic massage, both of which had small increases from 2021 to 2022. Except for therapeutic massage from 2020 to 2021 and adult day health services from 2021 to 2022, all the identified benefits have increased in plan prevalence each year.

FIGURE 2: PREVALENCE OF EXPANDED SUPPLEMENTAL BENEFITS*

BENEFIT	CY 2020 PLANS	CY 2021 PLANS	CY 2022 PLANS
In-Home Support Services	148	296	544
Therapeutic Massage	180	152	160
Support for Caregivers of Enrollees	77	87	144
Home-Based Palliative Care	58	128	141
Adult Day Health Services	63	88	42
Total	351	575	824
Plans offering more than one benefit	96	175	202

* Numbers exclude EGWPs, Cost plans, MSA plans, MMPs, Part B only plans, and dual eligible special needs plans (D-SNPs); D-SNPs excluded as these benefits were previously allowable benefits for D-SNP beneficiaries; 4,583 total plans in CY 2022.

UNIFORMITY FLEXIBILITY

Historically, MA plans were 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. 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 (MAOs) to reduce cost-sharing for certain covered benefits (e.g., offering diabetic enrollees a lower deductible) or to tailor supplemental benefits for enrollees who meet specific medical criteria (e.g., "nonemergency transportation to primary care visits for enrollees with [congestive heart failure (CHF)]"), 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 in CY 2021 and 2022 (i.e., offering a uniformity flexibility package). Figure 4 shows the top 10 targeted disease states for uniform flexibility by covered lives. Diabetes, CHF, and chronic obstructive pulmonary disease (COPD), three disease states among those traditionally targeted by disease management programs, are the most widely offered, with diabetes being the most targeted disease state by a significant margin. There are 3 fewer plans offering any one of these types of benefits in CY 2022 than in CY 2021. However, diabetes is targeted by 56 more plans from CY 2021 to CY 2022. Plans significantly shifted how they offered benefits for behavioral health diagnoses (anxiety, depression, substance abuse, or mood disorders), mainly offering them as a cost-sharing reduction in CY 2021 to mainly offering them as additional benefits in CY 2022.

[3] 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 February 16, 2022, from https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2019.pdf.
[4] CMS (April 27, 2018). HPMS Memo. Primarily Health Related 4-27-18. Retrieved February 16, 2022, 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.
[5] CMS (April 27, 2018). HPMS Memo. Uniformity Requirements 4-27-18. Retrieved February 16, 2022, 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.

Apart from diabetes and behavioral health diagnoses, all other disease states shown in Figure 3 were targeted by over 100 more plans in CY 2022 than in CY 2021.

FIGURE 3: MOST TARGETED DISEASE STATES BY PLAN COUNT FOR PLANS OFFERING A UNIFORMITY FLEXIBILITY PACKAGE*

BENEFIT	REDUCED COST-SHARING		ADDITIONAL BENEFITS		ONE OR BOTH	
	CY 2021	CY 2022	CY 2021	CY 2022	CY 2021	CY 2022
Diabetes	160	139	173	232	293	349
Congestive heart failure (CHF)	32	31	113	240	124	256
COPD	17	22	81	205	88	215
Hypertension	4	4	73	185	77	189
Cellulitis	0	0	24	176	24	176
Dementia	0	0	30	165	30	165
Stroke	0	0	34	163	34	163
Urinary tract infection	0	0	0	151	0	151
Behavioral health diagnosis	122	8	13	139	135	147
Coronary artery disease (CAD)	5	0	31	134	31	134
Total	293	181	279	390	509	506

* Numbers exclude EGWPs, Cost plans, MSA plans, Part B only plans and MMPs; 5,312 total plans in CY 2022

FIGURE 4: MOST TARGETED DISEASE STATES BY ENROLLMENT FOR PLANS OFFERING A UNIFORMITY FLEXIBILITY PACKAGE*

BENEFIT - (1,000 LIVES)**	REDUCED COST-SHARING CY 2022	ADDITIONAL BENEFITS CY 2022	ONE OR BOTH CY 2022
Diabetes	529	1,520	1,961
CHF	103	1,648	1,678
COPD	208	1,487	1,546
Dementia	0	1,329	1,329
Hypertension	17	1,308	1,325
Cellulitis	0	1,250	1,250
Stroke	0	1,242	1,242
Behavioral health diagnosis	48	1,120	1,167
Urinary tract infection	0	1,158	1,158
Coronary artery disease (CAD)	0	1,118	1,118
Total	917	2,371	2,816

* Numbers exclude EGWPs, Cost plans, MSA plans, Part B only plans, and MMPs; 5,312 total plans in CY 2022.

** Estimated enrollment totals based on January 2022 plan enrollment.

SPECIAL SUPPLEMENTAL BENEFITS FOR THE CHRONICALLY ILL (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 has a *reasonable* expectation of improving or maintaining the health or overall function of the chronically ill enrollee."

Figure 5 shows the SSBCI benefits offered in CY 2021 and CY 2022. In CY 2022 there are 79 MAOs offering SSBCI benefits. There are 312 more plans offering any one of these types of benefits in CY 2022 than in CY 2021. There are 419 more plans offering food and produce, the benefit with the largest increase in prevalence from CY 2021 to CY 2022.

[6] CMS (April 24, 2019). Implementing Supplemental Benefits for Chronically Ill Enrollees. Retrieved February 16, 2022, from https://www.cms.gov/Medicare/Health-Plans/HealthPlansGenInfo/Downloads/Supplemental_Benefits_Chronically_Ill_HPMS_042419.pdf.

FIGURE 5: SSBCI BENEFITS BY PLAN COUNT AND ENROLLMENT*

BENEFIT	CY 2021 PLANS	CY 2022 PLANS	CY 2022 COVERED** (1,000 LIVES)	BENEFIT	CY 2021 PLANS	CY 2022 PLANS	CY 2022 COVERED** (1,000 LIVES)
Food and produce	348	767	2,958	Grocery shopping and door drop	76	87	175
Meals (beyond a limited basis)	371	403	1,987	Structural home modifications	42	61	166
Transportation for non-medical needs	185	382	1,921	Prescription pickup and door drop / virtual visit	46	45	120
General supports for living	150	333	1,551	Personal care items / personal hygiene care	0	21	263
Pest control	208	326	1,819	In-home minor repairs / roadside assistance	0	16	237
Pet care services / service dog support / service animal	98	247	1,503	Identity theft insurance	0	4	13
Social needs benefit	211	245	742	Housekeeping / thorough house cleaning	7	1	1
Indoor air quality equipment / services	140	166	899	Memory support kit	0	1	14
Services supporting self-direction	96	151	803	Data plan	2	0	0
Barber and beauty shop care / complementary therapies / travel care assistance	0	123	718	**Total**	**815**	**1,127**	**4,011**

* Numbers exclude EGWPs, Cost plans, MSA plans, Part B Only plans, and MMPs; 5,312 total plans in CY 2022
** Estimated number of members enrolled in plans offering this benefit; eligible member counts unavailable

Sources, caveats, and disclosures

The analysis provided in this brief is based on benefit data and other 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.

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

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