MILLIMAN BRIEF

Overview of Medicare Advantage supplemental healthcare benefits and review of Contract Year 2023 offerings

Commissioned by Better Medicare Alliance, Inc.

Catherine Murphy-Barron, MBA, FSA, MAAA
Eric A. Buzby, FSA, MAAA
Sean Pittinger, ASA, MAAA

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Almost all 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.

"PRIMARILY HEALTH RELATED" DEFINITION

Historically, the types of permissible supplemental benefits were narrowly defined by the Centers for Medicare & Medicaid Services (CMS). In 2018 and 2019, CMS expanded the range of benefits that could be offered to all enrollees under the "primarily health related" (PHR) 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].

CMS used the 2019 Announcement[3] to expand the scope of PHR 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.

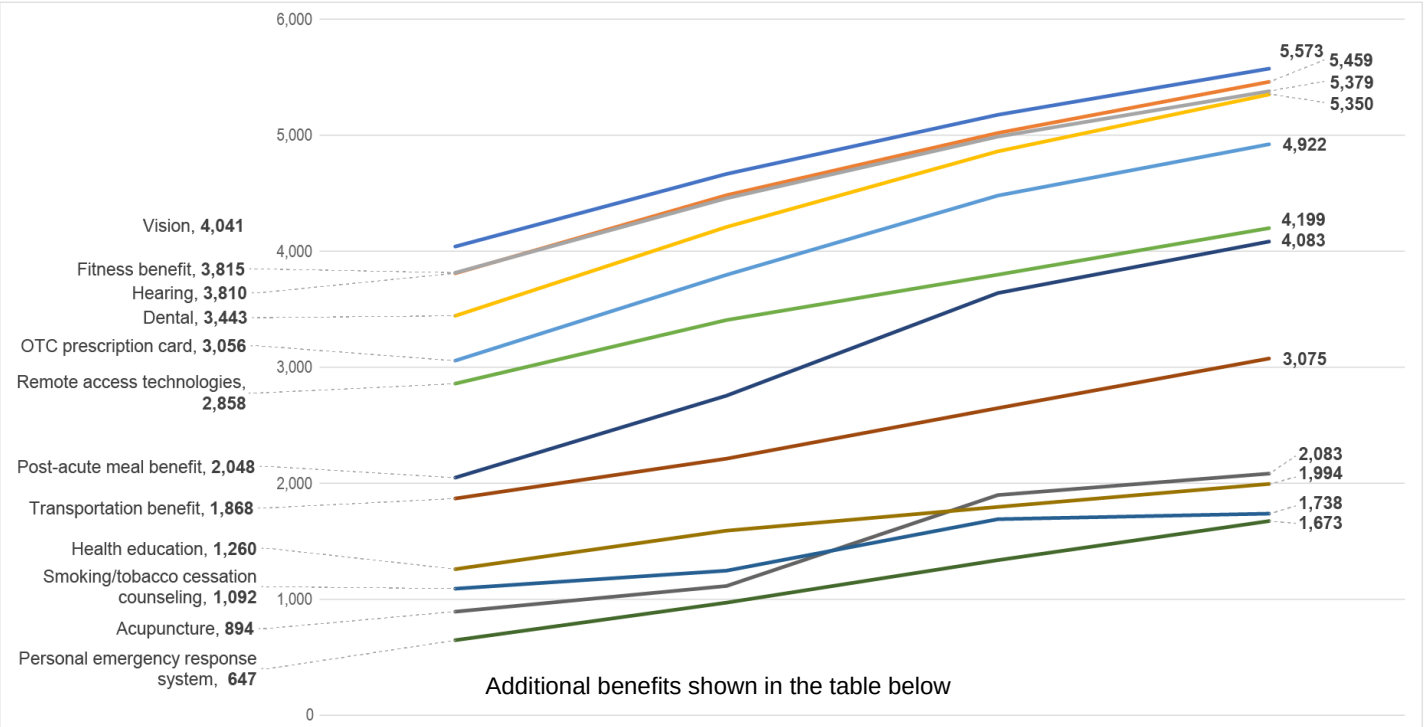
Prior to this, bathroom safety devices, non-emergency medical transportation, and OTC benefits were allowable benefits for MA plans, but their scope was expanded under this reinterpretation. The bathroom safety devices and modifications category was amended to include home modifications (e.g., stair 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

[1] The Medicare Payment Advisory Commission. "Medicare 101." Retrieved March 1, 2023, 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 March 1, 2023, from https://www.soa.org/globalassets/assets/library/newsletters/health-watch-newsletter/2019/february/hsn-2019-iss88-johnson.pdf.
[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 March 1, 2023, 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 March 1, 2023, 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.

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 1 shows the PHR benefits, both traditional and those now allowable due to the expanded definition, over the past 4 years. The most popular of these benefits in contract year (CY) 2023 across all MA plans are vision (exams and/or eyewear), hearing (exams and/or aids), fitness, dental, and over-the-counter (OTC) prescription card benefits, based on the number of plans choosing to offer these benefits. For those benefits now allowable due to the expanded definition (identified with an asterisk), in-home support services had the largest growth in plan prevalence among these benefits. Support for caregivers of enrollees had its largest growth in prevalence from CY 2022 to CY 2023, bringing it up to a higher prevalence than telemonitoring services, a traditional supplemental benefit. Both therapeutic massage and home-based palliative care maintained a similar prevalence in CY 2023 as in CY 2022 while adult day health services has decreased in prevalence for the second consecutive year.

FIGURE 1: PREVALENCE OF "PRIMARILY HEALTH RELATED" SUPPLEMENTAL BENEFITS BY PLAN COUNT*



	CY 2020	CY 2021	CY 2022	CY 2023
Nutritional/dietary benefit	446	333	1,422	1,512
In-Home support services*	223	427	724	1,084
Bathroom safety devices	323	415	547	683
Medical nutrition therapy (MNT)	467	203	554	548
Enhanced disease management	316	328	323	348
Support for caregivers of enrollees*	125	95	160	293
Telemonitoring services	281	321	245	227
Therapeutic massage*	221	170	183	187
Home-based palliative care*	61	134	147	157
Adult day health services*	84	127	50	41

* Numbers exclude Employer Group Waiver Plans (EGWPs), Cost plans, Medical Savings Account (MSA) plans, Part B-only plans, and Medicare-Medicaid Plans (MMPs); 5,682 total plans in CY 2023; 5,681 plans will offer additional non-Medicare-covered supplemental benefits in CY 2023

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. In CY 2023 there are 40 MAOs offering a uniformity flexibility package.

Figure 2 shows the 10 most targeted disease states in CY 2022 and 2023 (i.e., offering a uniformity flexibility package). Figure 3 shows the top 10 targeted disease states for uniform flexibility by covered lives. There are 138 (27%) more plans offering any one of these types of benefits in CY 2023 than in CY 2022. 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. By a significant margin, plans continue to provide benefits to targeted members through designs with additional benefits rather than with reduced cost-sharing. Apart from dementia, all other disease states shown in Figure 2 were targeted by over 100 more plans in CY 2023 than in CY 2022; this figure showed similar growth in most disease states in CY 2022 vs. CY 2021.

FIGURE 2: MOST TARGETED DISEASE STATES BY PLAN COUNT FOR PLANS OFFERING A UNIFORMITY FLEXIBILITY PACKAGE*

BENEFIT	REDUCED COST-SHARING		ADDITIONAL BENEFITS		ONE OR BOTH	
	CY 2022	CY 2023	CY 2022	CY 2023	CY 2022	CY 2023
Diabetes	139	172	232	347	349	495
Congestive heart failure (CHF)	31	33	240	362	256	377
COPD	22	21	205	323	215	332
Hypertension	4	4	185	285	189	289
Cellulitis	0	0	176	288	176	288
Stroke	0	0	163	273	163	273
Urinary tract infection	0	0	151	263	151	263
Dementia	0	0	165	255	165	255
Behavioral health diagnosis	8	8	139	239	147	247
Coronary artery disease (CAD)	0	0	134	243	134	243
Total	181	231	390	521	506	644

* Numbers exclude EGWPs, Cost plans, MSA plans, Part B-only plans and MMPs; 5,682 total plans in CY 2023

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

BENEFIT - (1,000 LIVES)**	REDUCED COST-SHARING CY 2023	ADDITIONAL BENEFITS CY 2023	ONE OR BOTH CY 2023
Diabetes	442	2,445	2,792
Congestive heart failure (CHF)	108	2,529	2,558
COPD	198	2,334	2,390
Hypertension	18	2,136	2,154
Cellulitis	0	2,068	2,068
Stroke	0	2,067	2,067
Dementia	0	2,055	2,055
Urinary tract infection	0	1,976	1,976
Behavioral health diagnosis	49	1,926	1,975
Rheumatoid arthritis	0	1,971	1,971
Total	961	3,385	3,670

* Numbers exclude EGWPs, Cost plans, MSA plans, Part B-only plans, and MMPs; 5,682 total plans in CY 2023

** Estimated enrollment totals based on February 2023 plan enrollment

[5] CMS (April 27, 2018). HPMS Memo. Uniformity Requirements 4-27-18. Retrieved March 1, 2023, 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.

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 PHR 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 4 shows the SSBCI offerings for non-PHR benefits offered in CY 2022 and CY 2023. In CY 2023 there are 88 MAOs offering SSBCI benefits, up from 79 in CY 2022. There are 175 more plans offering any one of these types of benefits in CY 2023 than in CY 2022. There are 195 more plans offering supports for general living, the benefit with the largest increase in prevalence from CY 2022 to CY 2023. Examples of this benefit may include housing consultations and/or subsidies for rent or utilities such as gas, electric, and water.[6]

FIGURE 4: SSBCI NON-PHR BENEFITS BY PLAN COUNT AND ENROLLMENT*

BENEFIT	CY 2022 PLANS	CY 2023 PLANS	CY 2023 COVERED** (1,000 LIVES)	BENEFIT	CY 2022 PLANS	CY 2023 PLANS	CY 2023 COVERED** (1,000 LIVES)
Food and produce	767	929	3,855	Barber and beauty shop care	123	223	1,506
General supports for living	333	528	2,995	Travel care assistance	123	199	1,326
Transportation for non-medical needs	382	483	2,669	Structural home modifications	61	57	209
Meals (beyond a limited basis)	403	422	1,995	Grocery shopping and door drop	87	43	86
Social needs benefit	245	370	1,946	Healthy living products	0	29	51
Pest control	326	349	1,921	Memory support kit	1	22	193
Pet care services / service dog support / service animal	247	342	2,124	Housekeeping / thorough house cleaning	1	22	178
Indoor air quality equipment / services	166	284	1,809	Personal care items / personal hygiene care	21	13	55
Services supporting self-direction	151	230	1,520	Other	65	23	210
Complementary therapies	123	224	1,506	**Total**	**1,127**	**1,302**	**4,937**

* Numbers exclude EGWPs, Cost plans, MSA plans, Part B Only plans, and MMPs; 5,682 total plans in CY 2023
** Estimated number of members enrolled in plans offering this benefit based on February 2023 plan enrollment; 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.

CONTACT

Catherine Murphy-Barron
cathy.murphy-barron@milliman.com

Eric A. Buzby
eric.buzby@milliman.com

Sean Pittinger
sean.pittinger@milliman.com

[6] CMS (April 24, 2019). Implementing Supplemental Benefits for Chronically Ill Enrollees. Retrieved March 1, 2023, from https://www.cms.gov/Medicare/Health-Plans/HealthPlansGenInfo/Downloads/Supplemental_Benefits_Chronically_Ill_HPMS_042419.pdf.