

Beyond the fundamentals of supplementals



Mary Yeh, FSA, MAAA
Joanne Fontana, FSA, MAAA
James Cooper, FSA, MAAA

December 2022



Presenters



Mary Yeh
FSA, MAAA
Consulting Actuary



Joanne Fontana
FSA, MAAA
Principal & Consulting Actuary



James Cooper
FSA, MAAA
Actuary

Trends in supplemental benefits

2019 to 2023

Competitive landscape

2019 to 2023 Mandatory supplemental benefit prevalence



Common Supplemental Benefits

- Comprehensive Dental
- Preventive Dental
- Vision Exams
- Vision Hardware
- Hearing Exams
- Hearing Hardware



Additional Supplemental Benefits

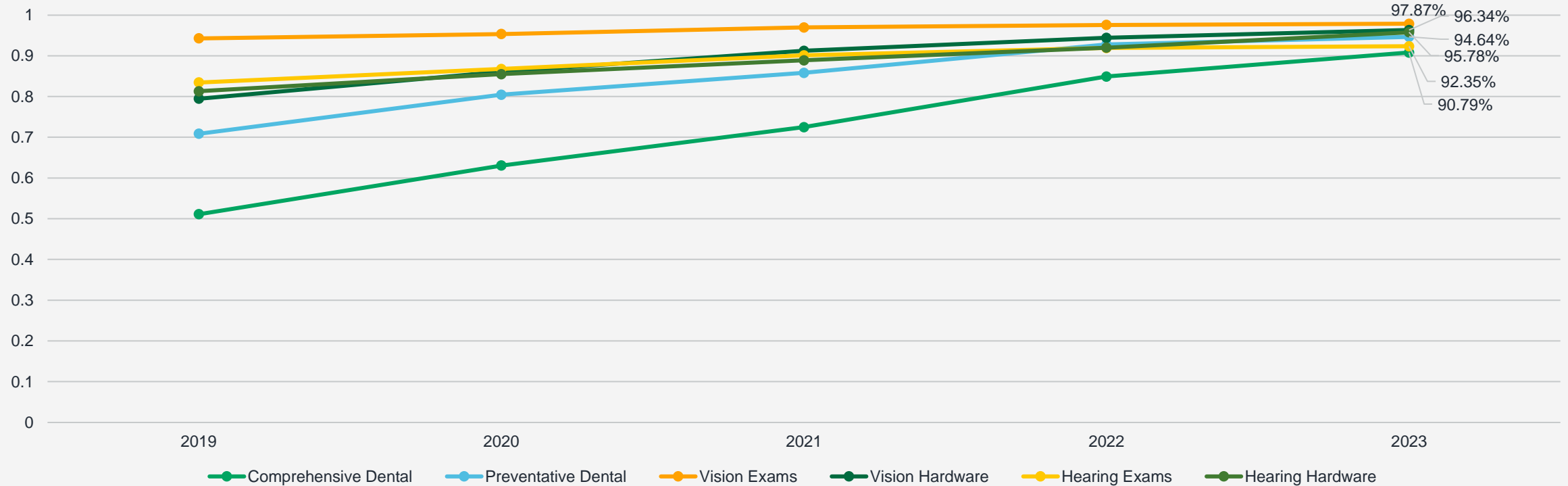
- Meals (Post-Acute)
- Transportation
- Over-the-Counter (OTC) benefit card
- Acupuncture
- Podiatry
- Fitness

Benefit summaries in graphs on following slides report prevalence of offering.
There is no indication of rich or lean offerings.

Competitive landscape

2019 to 2023 Supplemental benefit prevalence – Non-SNP enrollees

Percent of members enrolled in plans offering select supplemental benefits, nationwide – Non-SNP enrollees



Source: 2023 Milliman MACVAT®

Competitive landscape

2022 Supplemental benefit prevalence – Non-SNP enrollees

Share of Medicare Advantage enrollees in individual plans with extra benefits by benefit and firm

■ Overall
 ■ United Healthcare
 ■ Humana
 ■ BCBS
 ■ CVS Health
 ■ Kaiser Permanente
 ■ Centene
 ■ Cigna

Nearly Universal

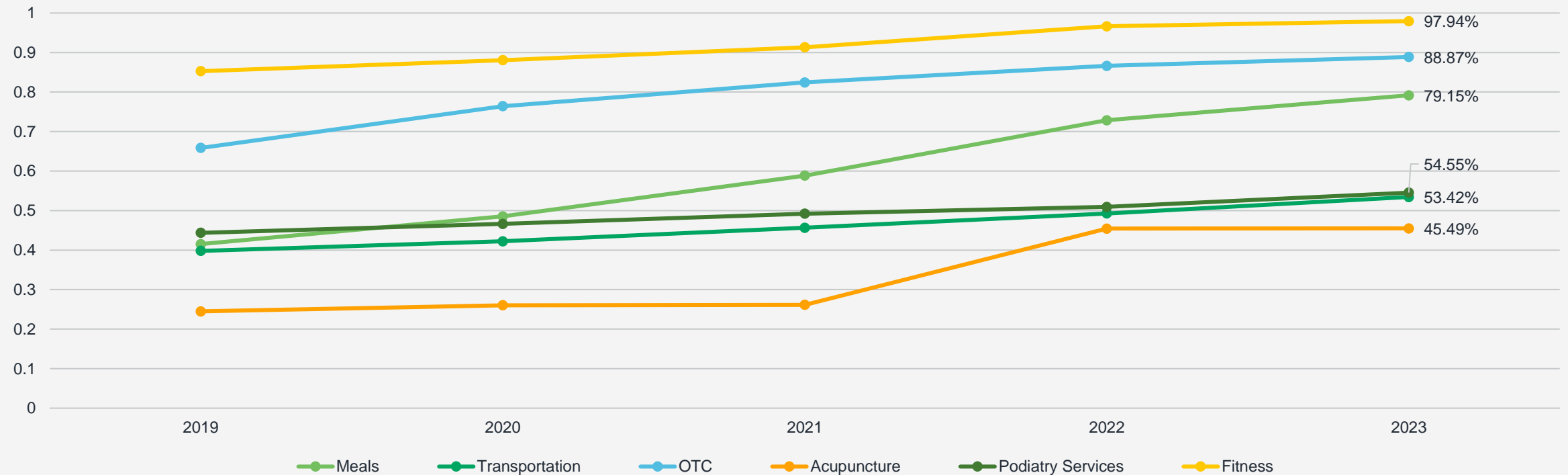
	Overall	United Healthcare	Humana	BCBS	CVS Health	Kaiser Permanente	Centene	Cigna
Vision	99%	100%	99%	100%	100%	100%	100%	99%
Hearing	98%	100%	95%	98%	99%	100%	99%	100%
Fitness	98%	96%	100%	99%	100%	100%	99%	100%
Dental	96%	90%	100%	95%	100%	100%	98%	99%

Source: <https://www.kff.org/medicare/issue-brief/extra-benefits-offered-by-medicare-advantage-firms-varies/>

Competitive landscape

2019 to 2023 Supplemental benefit prevalence – Non-SNP enrollees

Percent of members enrolled in plans offering select supplemental benefits, nationwide – Non-SNP enrollees



Source: 2023 Milliman MACVAT®

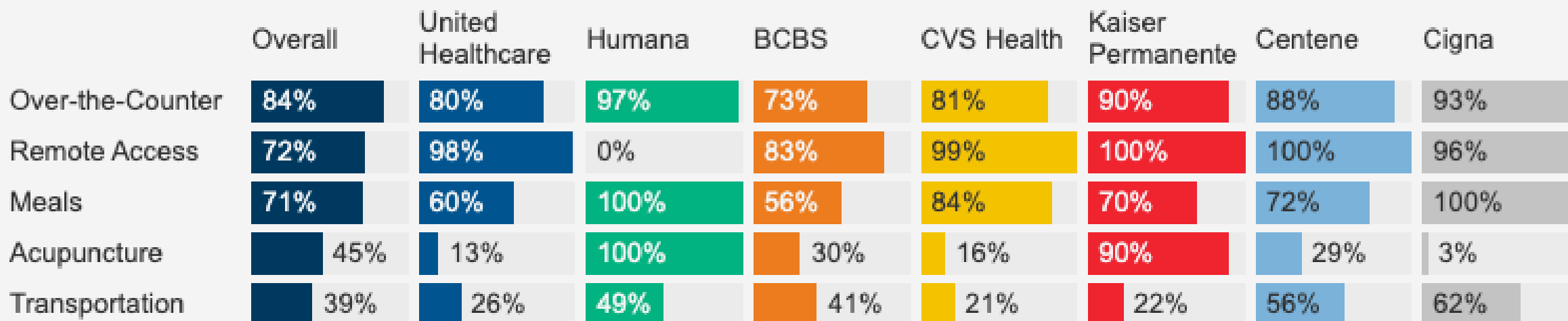
Competitive landscape

2022 Supplemental benefit prevalence – Non-SNP enrollees

Share of Medicare Advantage enrollees in individual plans with extra benefits by benefit and firm

■ Overall
 ■ United Healthcare
 ■ Humana
 ■ BCBS
 ■ CVS Health
 ■ Kaiser Permanente
 ■ Centene
 ■ Cigna

Varies Across Firms

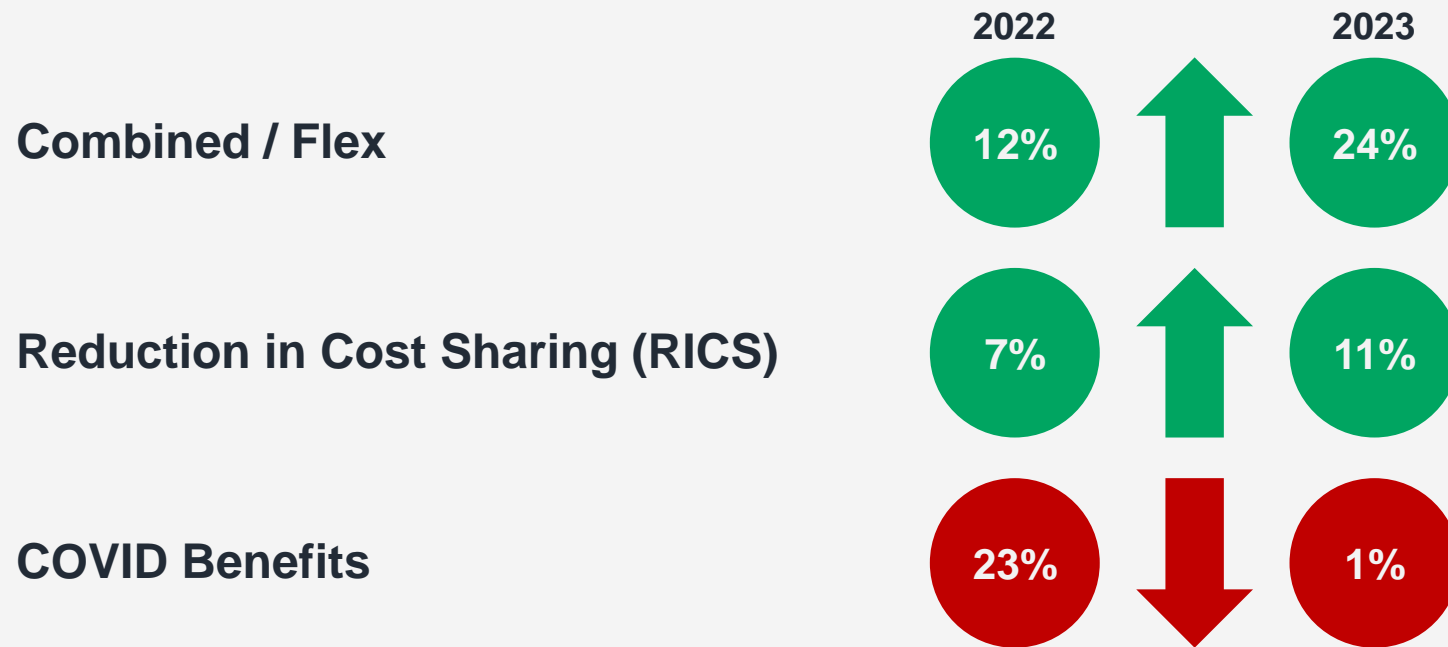


Source: <https://www.kff.org/medicare/issue-brief/extra-benefits-offered-by-medicare-advantage-firms-varies/>

Competitive landscape

Combined/Flex, RICS, and COVID benefits

Percent of enrollees in plans offering select supplemental benefits, nationwide – Non-SNP enrollees



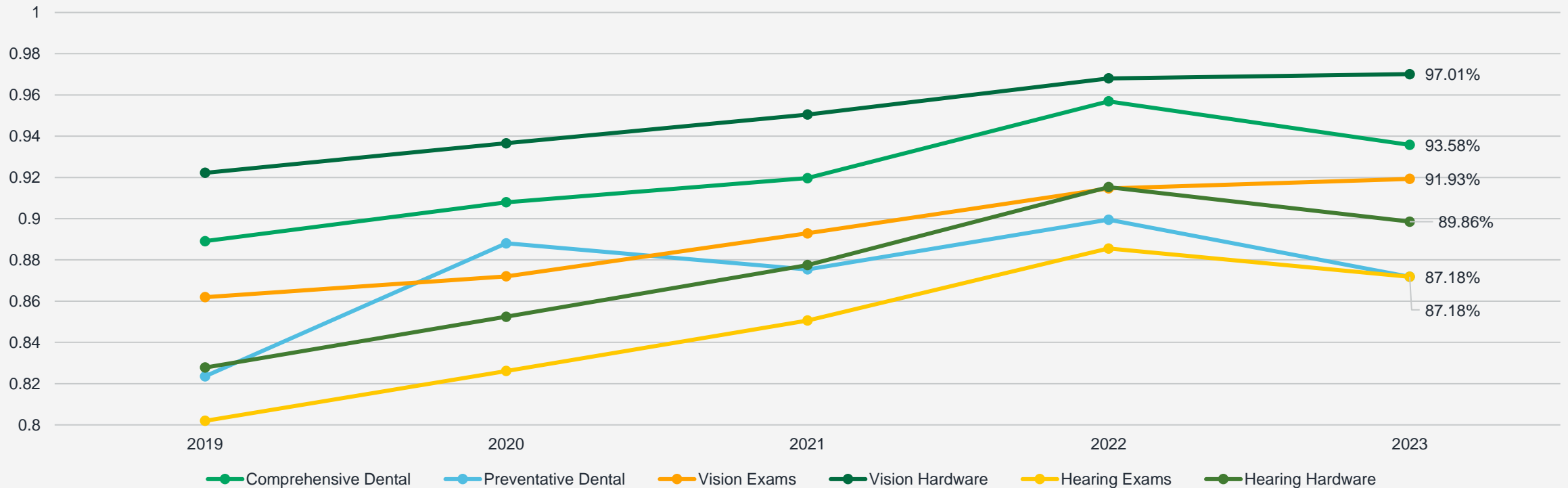
Source: 2023 Milliman MACVAT®

Note: Combined/Flex are defined here as packages that offer both dental and non-dental benefits under the same dollar limit, and exclude dental only packages (as shared dental limits need to be entered as a Combined/Flex package per CMS guidance). In 2023, 26% of Non-SNP beneficiaries will have access to Combined/flex packages under this definition.

Competitive landscape

2019 to 2023 Supplemental benefit prevalence – D-SNP enrollees

Percent of members enrolled in plans offering select supplemental benefits, nationwide – D-SNP enrollees

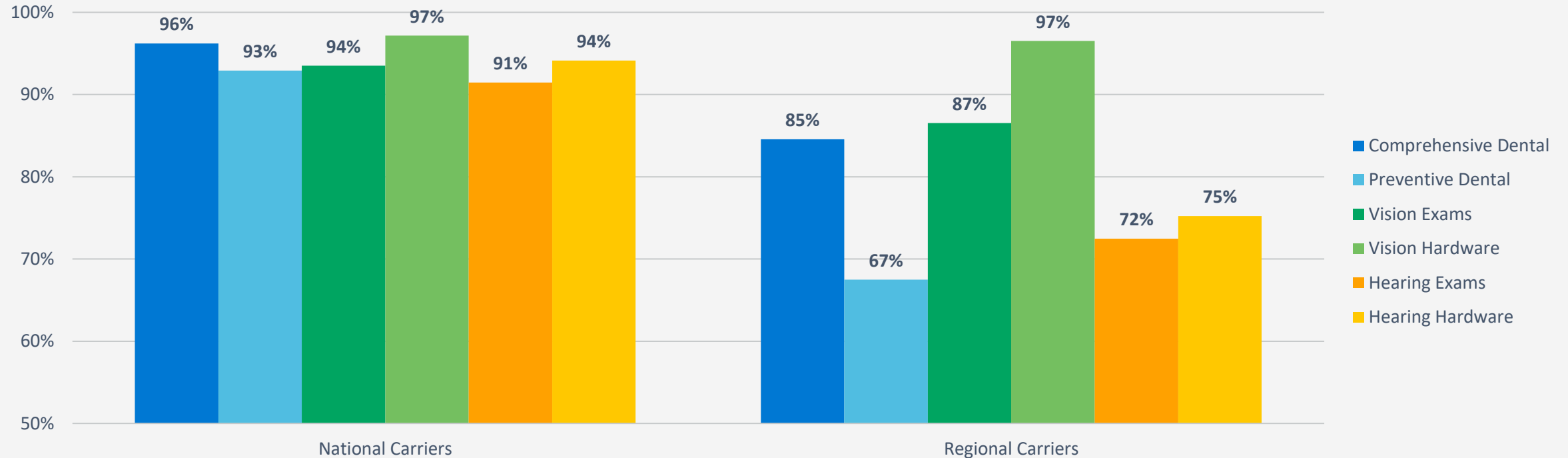


Source: 2023 Milliman MACVAT®

Competitive landscape

2023 Supplemental benefit prevalence – D-SNP enrollees

Percent of members enrolled in plans offering select supplemental benefits, nationwide – D-SNP enrollees

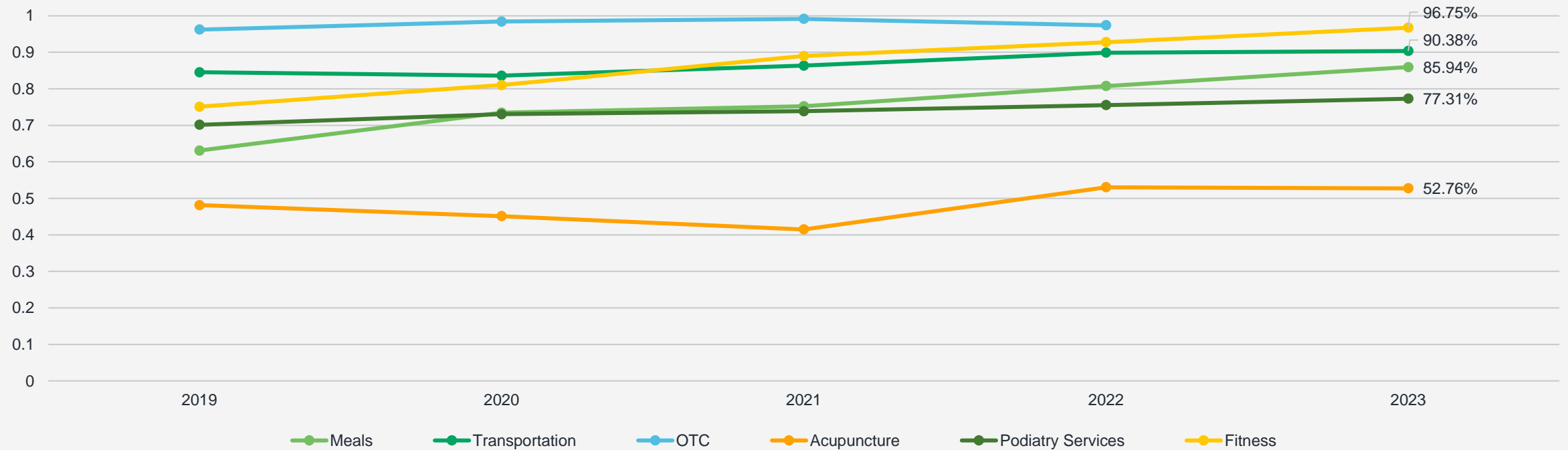


Source: 2023 Milliman MACVAT®

Competitive landscape

2019 to 2023 Supplemental benefit prevalence – D-SNP enrollees

Percent of members enrolled in plans offering select supplemental benefits, nationwide – D-SNP enrollees

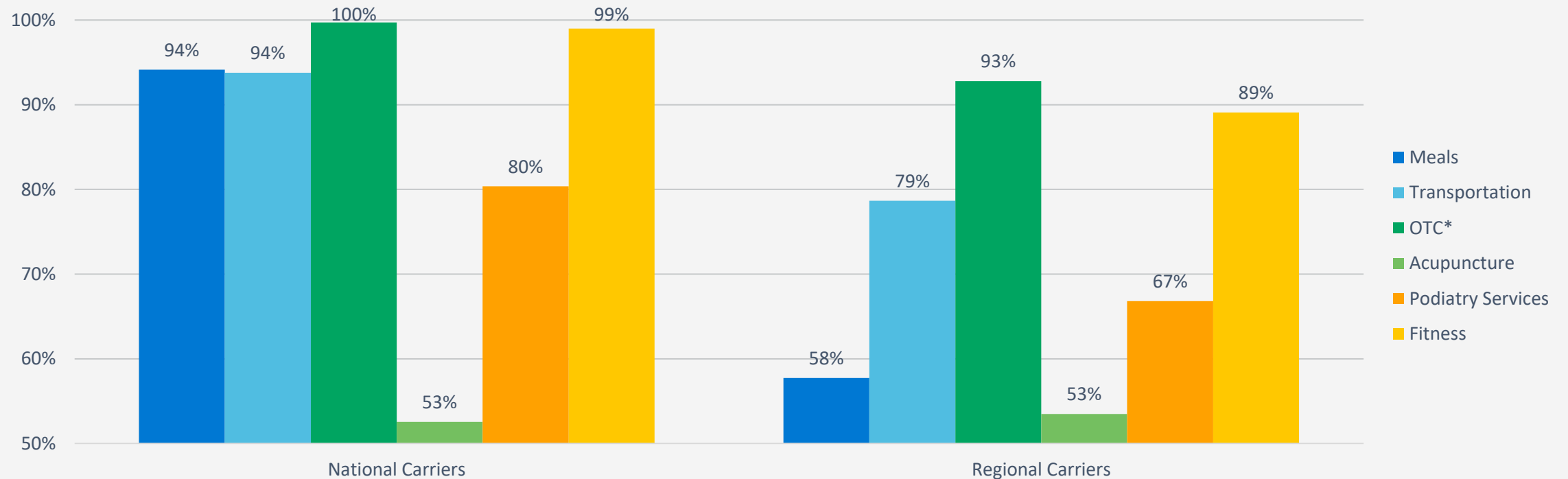


Source: 2023 Milliman MACVAT® . MAOs entered their OTC benefits differently in 2023 with respect to inclusion of OTC in combined benefits, resulting in a 2023 data point that does not necessarily represent the reality of the plan offering. We removed the 2023 OTC data point to avoid confusion and expect OTC to continue to be covered at a high rate for D-SNP plans whether stand-alone or through a combo benefit.

Competitive landscape

2023 Supplemental benefit prevalence – D-SNP enrollees

Percent of members enrolled in plans offering select supplemental benefits, nationwide – D-SNP enrollees

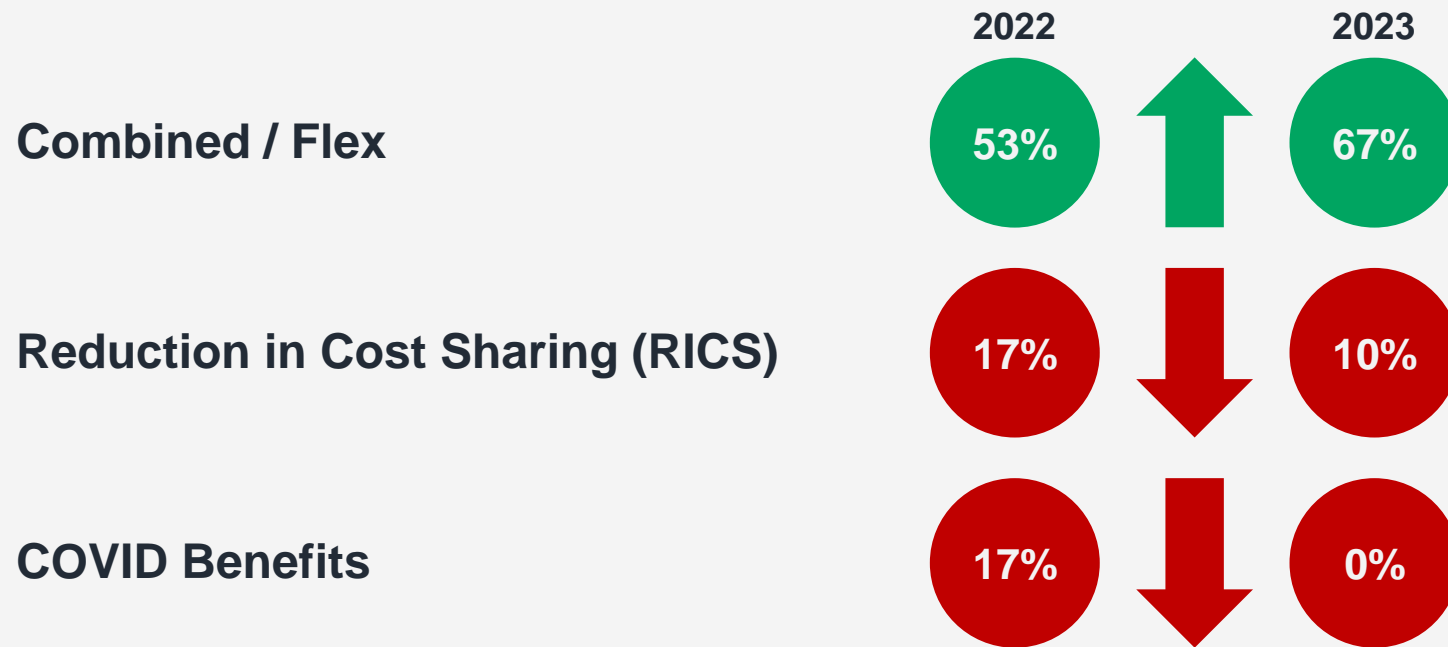


*2022 OTC prevalence is displayed to avoid irregularities in 2023 OTC data.
Source: 2023 Milliman MACVAT®

Competitive landscape

Combined/Flex, RICS, and COVID benefits

Percent of enrollees in plans offering select supplemental benefits, nationwide – D-SNP enrollees



Source: 2023 Milliman MACVAT®

Note: Combined/Flex are defined here as packages that offer both dental and non-dental benefits under the same dollar limit, and exclude dental only packages (as shared dental limits need to be entered as a Combined/Flex package per CMS guidance). In 2023, 88% of D-SNP beneficiaries will have access to Combined/flex packages under this definition.

Competitive landscape

How do plans continue to fund supplemental benefit offerings?

Star rating improvements



County payment rate increases



Risk score coding improvement



Medical and pharmacy management



Favorable vendor contracting rates

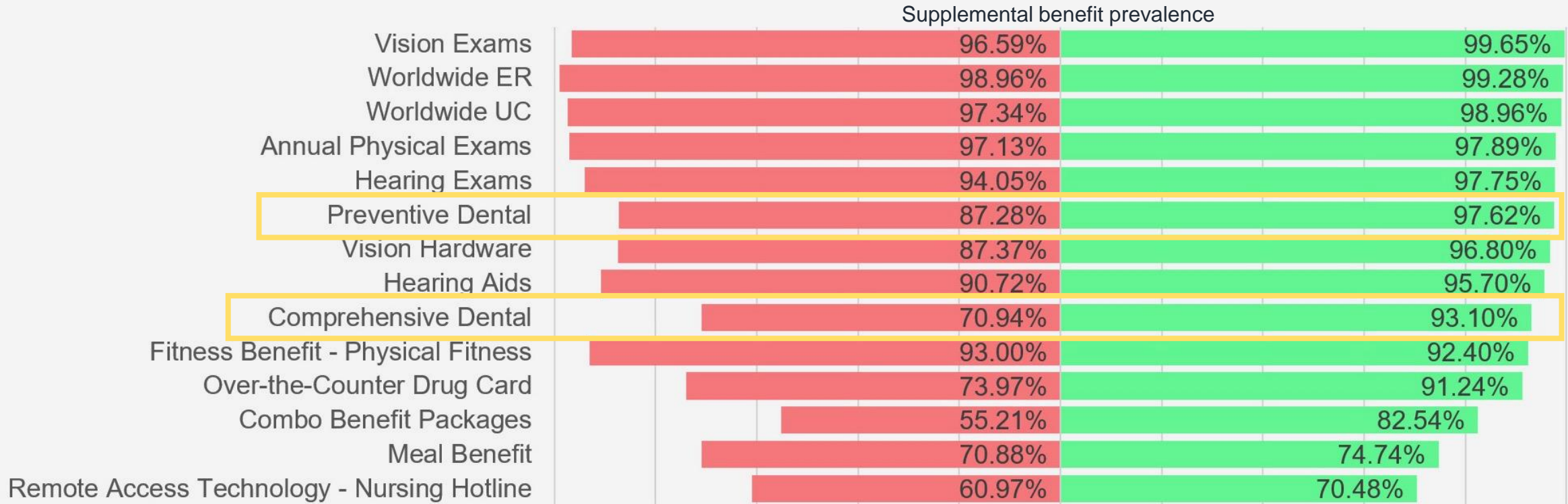


Lower administrative costs PMPM



Trends in Medicare Advantage dental coverage

Dental coverage for the win



Enrollment gaining: gain at least 100 net members and increased enrollment by $\geq 5\%$ during AEP
Enrollment losing: lose at least 100 net members and decreased enrollment by $\geq 5\%$ during AEP

Percent of Enrollees

Source: 2022 Milliman MACVAT

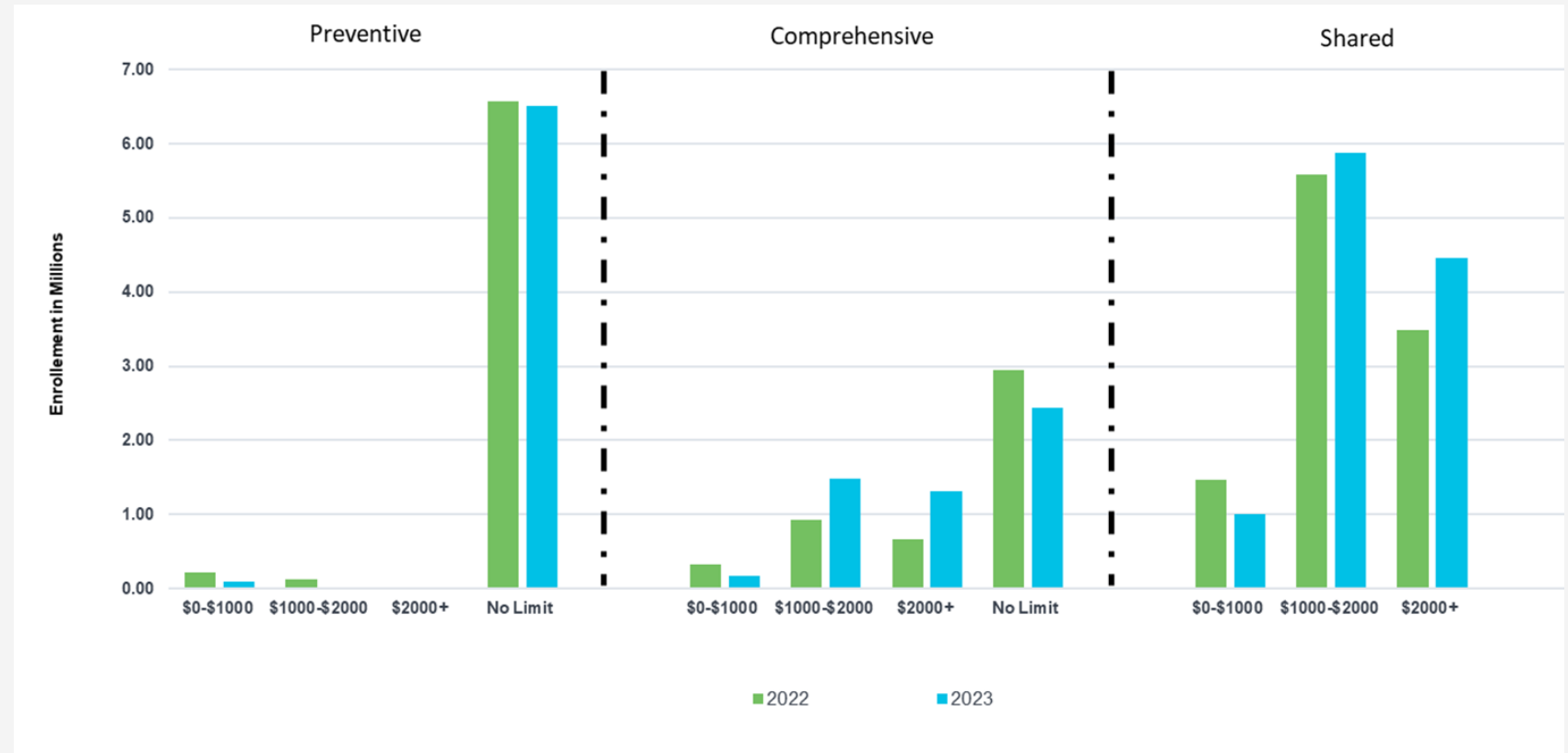
MA Dental: Benefit limits

Preventive, comprehensive, and shared

Trends from 2022:

- Reduction in preventive dental coverage with limits
- Comprehensive dental limits increasing
- Movement toward shared dental limits and higher shared dental limits than in 2022

2023 expected enrollment in MA general enrollment plans with mandatory dental benefits, by limit



Source: 2023 Milliman MACVAT with 2022 Sept enrollment crosswalked to 2023

MA Dental: Services covered

Trends 2021–2023

MA plans with preventive and comprehensive dental coverage: percentage enrolled in plans with various covered services

CATEGORY	Zero-Dollar Premium Plans			Non-Zero-Dollar Premium Plans		
	2021	2022	2023	2021	2022	2023
Prosthodontics	77%	78%	88%	67%	67%	77%
Nonroutine Services	54%	62%	80%	56%	56%	66%
Diagnostic Services	59%	70%	92%	56%	66%	84%
Restorative Services	95%	93%	92%	89%	84%	86%
Endodontics	58%	63%	85%	59%	61%	78%
Periodontics	71%	78%	93%	72%	80%	89%
Extractions	79%	82%	95%	75%	81%	87%

Source: 2022 Milliman MACVAT, 2023 Milliman MACVAT with 2022 Sept enrollment crosswalked to 2023

Beyond the fundamentals

Going beyond traditional supplemental benefits

Traditional supplemental

Prior to 2017



Value-based insurance design

(VBID)

2017



Expanded primarily health related definition

2019



Uniformity flexibility

(UF)

2019



Special supplemental benefits for the chronically ill

(SSBCI)

2020



Benefit flexibilities

- Growing at a fast pace from 5.9% of the plans in 2019 to 38.2% in 2022
- Since 2021, SSBCI makes up the largest percentage of flexible benefit offerings.
- VBID continues to grow at a slower rate than SSBCI, while Uniform Flexibility benefits have declined in popularity.

Plan count percentage by year

Year	SSBCI	UF	VBID	Total* (Unique)
2019	0.0%	3.7%	2.8%	5.9%
2020	5.5%	7.0%	3.8%	15.4%
2021	18.7%	10.2%	7.3%	29.6%
2022	26.5%	9.3%	11.1%	38.2%

Source: 2022 Milliman MACVAT®
 Values depict historical data for plans offered in 2022
 Excludes EGWP, MSA, and Cost plans

*Total not additive due to plans with multiple flexibility offerings

A deeper dive: Benefit flexibilities – New vs Existing

- SSBCI and VBID offerings are growing across both new and existing plans.
- In 2022 New Plans out-paced existing plans with SSBCI benefit offerings.
- This could indicate that SSBCI benefits are increasingly viewed as a source of competitive advantage for plans looking to grow market share.

Existing Plan Count Percentage by Year					New Plan Count Percentage by Year				
Year	SSBCI	UF	VBID	Total* (Unique)	Year	SSBCI	UF	VBID	Total* (Unique)
2019	0.0%	3.8%	3.5%	6.5%	2019	0.0%	3.2%	0.4%	3.6%
2020	5.4%	6.8%	4.3%	15.4%	2020	6.2%	7.5%	1.8%	15.3%
2021	18.0%	10.7%	8.2%	30.0%	2021	21.4%	8.1%	3.7%	27.9%
2022	24.6%	10.1%	11.3%	37.0%	2022	33.5%	6.1%	10.4%	42.4%

Source: 2022 Milliman MACVAT®
 Values depict historical data for plans offered in 2022
 Excludes EGWP, MSA, and Cost plans

*Total not additive due to plans with multiple flexibility offerings

Benefit flexibilities by SNP type

- SSBCI benefits are the fastest growing across all benefit types
- VBID growth is primarily limited to DSNP plans consistent with member population
- Large penetration of SSBCI benefits under Chronic SNP plans, but SSBCI also shows considerable growth in other plan types

2020 to 2022 SSBCI / UF / VBID Plan Count Percentage by SNP Type

SNP Type	SSBCI			UF			VBID			No VBID / UF / SSBCI										
Not SNP	4%	>	16%	>	20%	8%	>	11%	>	11%	3%	>	5%	>	5%	85%	>	74%	>	69%
Dual Eligible	8%	>	34%	>	53%	3%	>	6%	>	4%	8%	>	26%	>	49%	83%	>	44%	>	23%
Institutional	4%	>	9%	>	23%	2%	>	4%	>	4%	0%	>	0%	>	0%	94%	>	91%	>	77%
Chronic Condition	26%	>	33%	>	53%	4%	>	5%	>	4%	0%	>	2%	>	2%	71%	>	65%	>	45%

Source: 2022 Milliman MACVAT®
 Values depict historical data for plans offered in 2022
 Excludes EGWP, MSA, and Cost plans

*Total not additive due to plans with multiple flexibility offerings

Flexible design and Social Determinants of Health (SDoH)

Addressing unmet member needs

- Groceries and Produce to meet Food Access needs
- Rideshare services to meet unmet Physical Environment needs
- Free Internet service to assist with Economic Stability

Regulation flexibility

Recent regulations allow for increased flexibilities in MA benefit design offerings

Innovative benefits

Technology Startups work with plans to develop innovative new benefits

Population health

SDoH help shape benefit designs tailored to unique unmet needs of member populations

VBID additional benefits by condition type

- Socioeconomic Status is by far the largest condition category for VBID membership eligibility
- Other CMS- Approved Disease States: Coronary Artery Disease, Mood Disorders, Patient with Past Stroke, and Rheumatoid Arthritis
- These numbers exclude VBID Hospice plans. In 2022 there were 115 unique plans offering hospice benefits under VBID

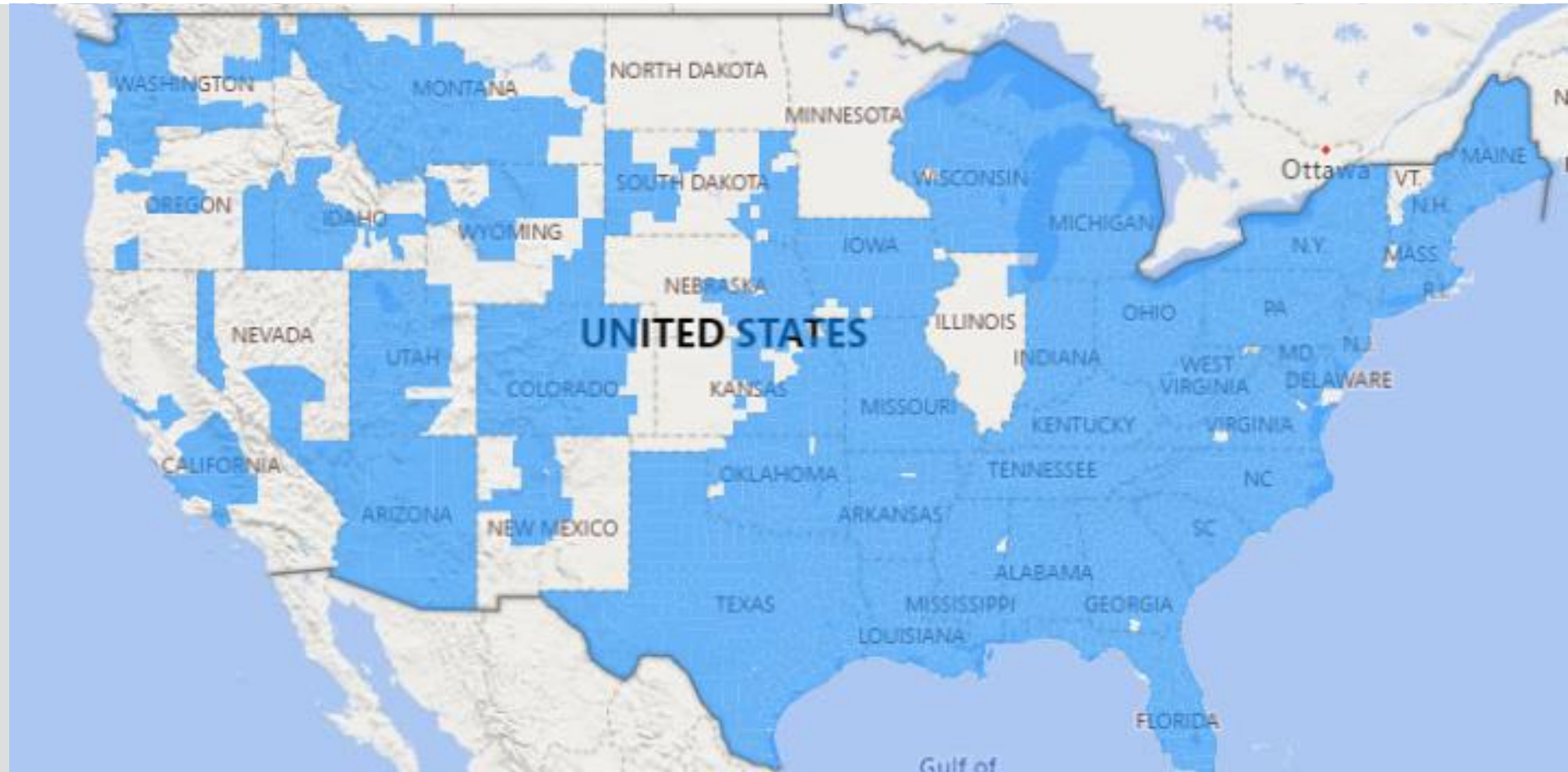
Condition	2020	2021	2022	2020%	2021%	2022%
Socioeconomic Status	27	137	391	23%	46%	65%
Diabetes	25	21	215	22%	7%	36%
Chronic Obstructive Pulmonary Disease	47	138	180	41%	47%	30%
Dementia	9	9	169	8%	3%	28%
Hypertension	17	8	74	15%	3%	12%
Congestive Heart Failure	23	28	69	20%	9%	11%
Other CMS-Approved Disease States	43	16	60	39%	12%	17%

Source: 2022 Milliman MACVAT®
 Values depict historical data for plans offered in 2022
 Excludes EGWP, MSA, and Cost plans

VBID coverage map CY 2022

Insights

- Coverage in all states except Alaska, Minnesota and North Dakota (including HI and PR not shown)
- Available VBID coverage in all counties in 27 states
- Florida led the nation with 130 VBID plan options in 66 counties



Source: 2022 Milliman MACVAT®
Values depict VBID plans offered in 2022
Excludes EGWP, MSA, and Cost plans

SSBCI benefits by condition type

Insights

- SSBCI Qualifying Conditions were evenly distributed across plans, with over one dozen conditions listed on over 800 unique plans
- Unique plan counts are not mutually exclusive as many SSBCI plans included several of the listed conditions

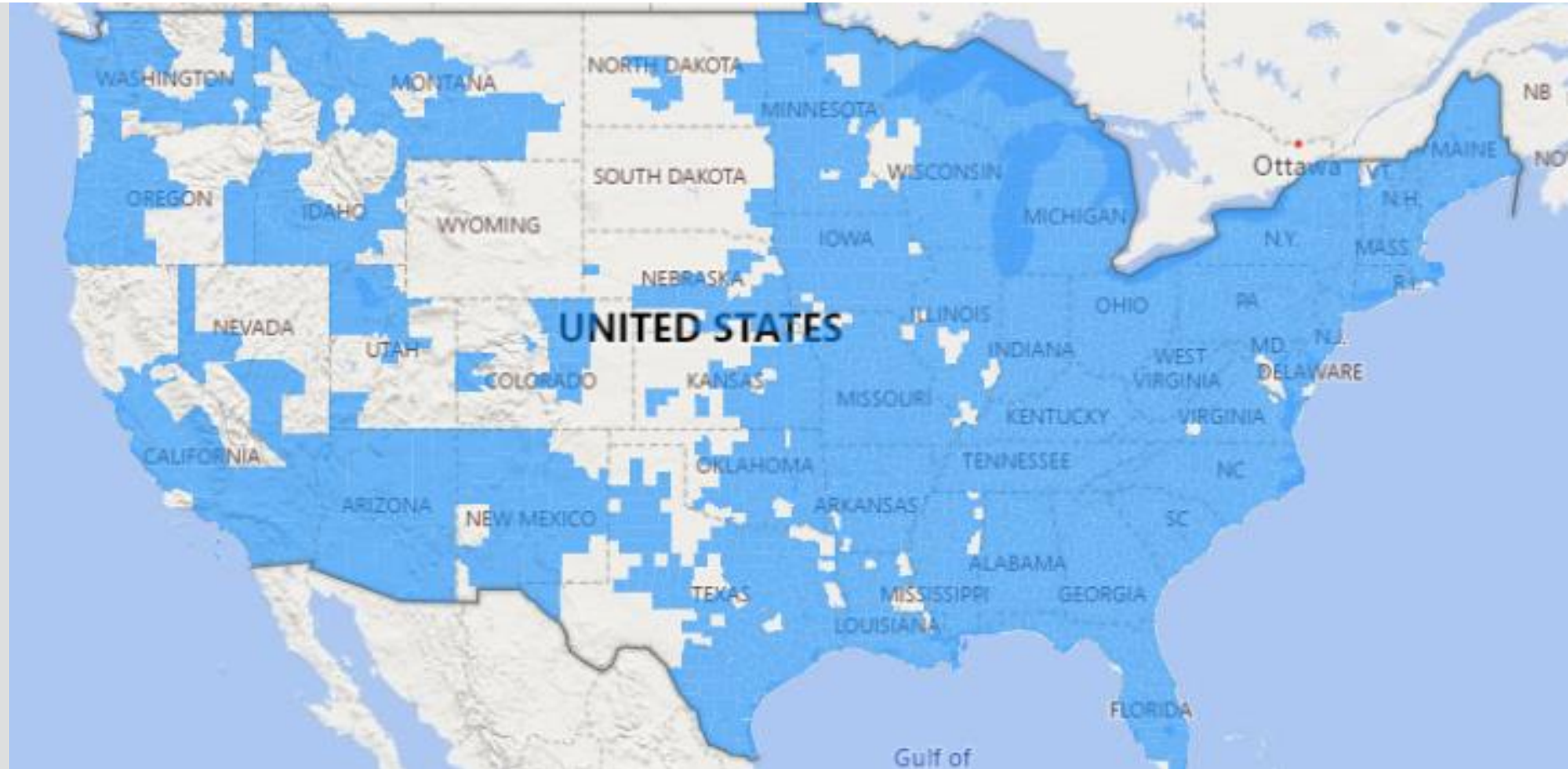
Condition	Unique Plans	Distribution %
Diabetes	1200	83%
Heart Failure	1167	81%
Cardiovascular Disorders	1078	75%
Chronic Lung Disorders	1037	72%
Stroke	967	67%
End-Stage Renal Disease	964	67%
Cancer	956	66%
Dementia	955	66%
Neurologic Disorders	912	63%
Chronic and Disabling Mental Health Conditions	902	63%
End-Stage Liver Disease	889	62%
HIV/AIDS	879	61%
Severe Hematologic Disorders	877	61%
Autoimmune Disorders	866	60%
Chronic Alcohol and Other Drug Dependence	862	60%
Hypertension	114	8%

Source: 2022 Milliman MACVAT®
 Values depict plans offered in 2022
 Excludes EGWP, MSA, and Cost plans

SSBCI coverage map CY 2022

Insights

- Coverage in all states except Alaska, Hawaii, and Wyoming (including PR not shown)
- Available SSBCI coverage in all counties in 20 states
- Florida led the nation with 166 SSBCI plan options in 66 counties



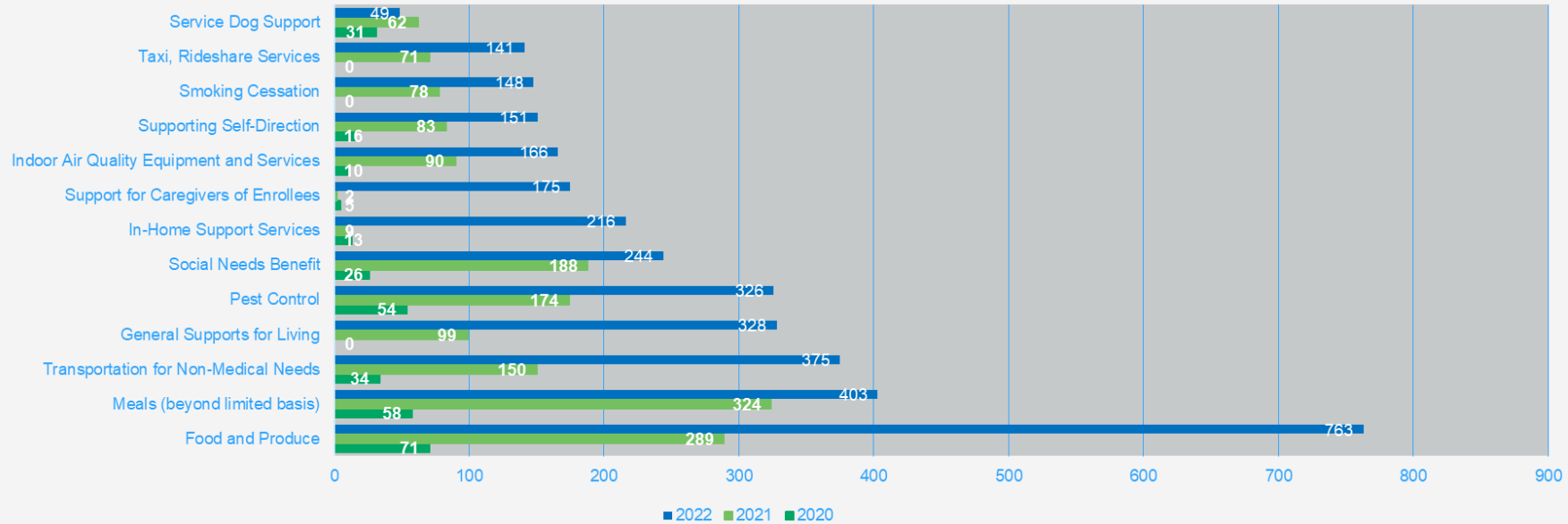
Source: 2022 Milliman MACVAT®
Values depict SSBCI plans offered in 2022
Excludes EGWP, MSA, and Cost plans

Most common SSBCI benefits 2020–2022

Insights

- Total SSBCI Benefit Offerings Grew by over 158% between CY 2021 and CY2022
- Existing 2021 SSBCI Benefit Types grew by over 126% on average in 2022
- 30% of all SSBCI Benefit Types were new in 2022

SSBCI Benefit Counts*



*Due to plans providing more than one SSBCI benefit offering, benefit counts will not equal total unique number of plans offering SSBCI benefits

Source: 2022 Milliman MACVAT®
 Values depict historical data for plans offered in 2022
 Excludes EGWP, MSA, and Cost plans

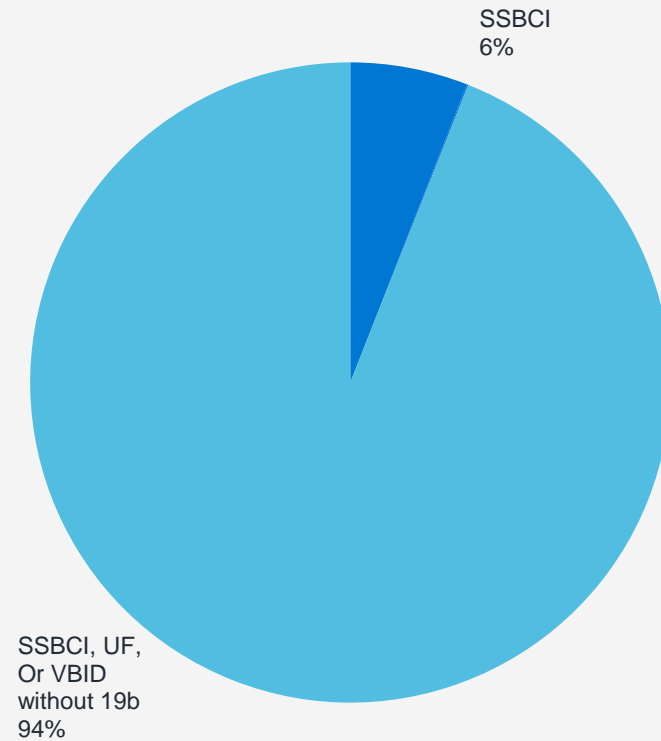
Combined benefit max with SSBCI and VBID

Insights

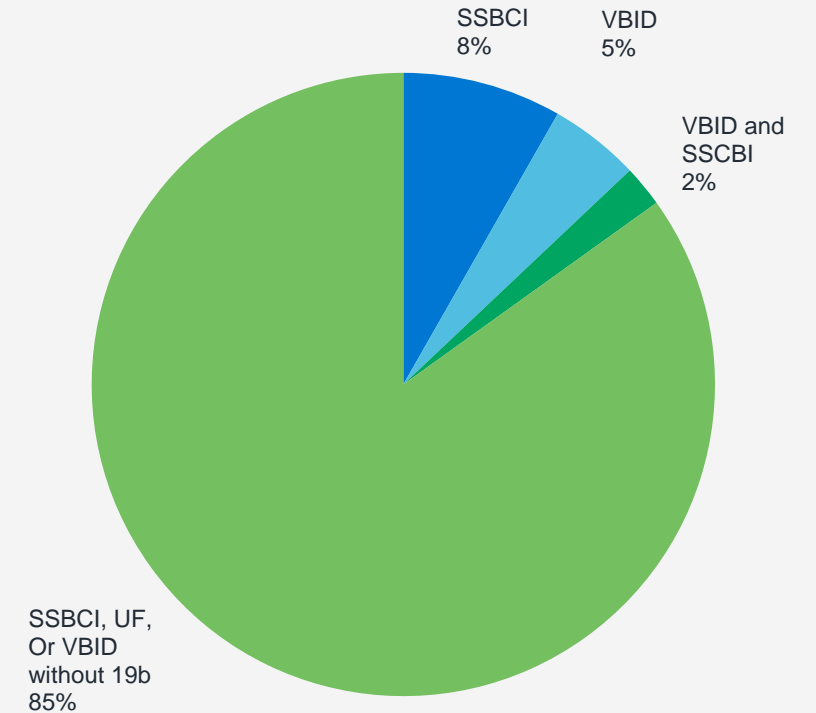
- In 2021, only 6% of SSBCI, UF, VBID plans offered these benefits under the max
- By 2022, the number plans offering 19b (VBID / UF / VBID) benefits under the combined max has nearly tripled
- Combined Max benefit dollar limit has increased over 35% on average for plans offering a combined max dollar limit in both 2021 and 2022
- There were 68 plans with 19b benefits in 2021, 331 in 2022, and 487 in 2023

Source: 2022 Milliman MACVAT®
Values depict historical data for plans offered in 2022
Excludes EGWP, MSA, and Cost plans

2021



2022



Other trends and considerations

Understand the target population / market positioning

- What is the MLR of the utilizing members? – New benefits may attract high-cost utilizers and adverse selection
- Who is eligible & who is expected to use the benefit?
What other benefits are these members using?
- FOMO – Am I losing membership to "new" benefits introduced by the competition?
- Does benefit align with business strategy?

Work with the vendor to understand costs, when possible

- Understand availability of vendors in your market
- Better understanding of the market-specific costs and utilization as manual data gathered from other markets may not apply to your region
- Understand ROI of potential benefits

Looking ahead

COVID-19 impact on non-traditional benefit offerings

- Expansion of virtual care services likely to continue
- Increased benefits designed to serve members in their homes
- Increased benefits addressing social anxiety and loneliness

Increased competition

- Penetration of benefit flexibilities will continue to grow
- These flexibilities will be used to differentiate between plans going forward
- New benefits
- Regulatory changes

This information is prepared for the exclusive use of participants in this webinar hosted by Milliman. This information may not be shared with any third parties without the prior written consent of Milliman. This information is not intended to benefit such third parties, even if Milliman allows distribution to such third parties.

All opinions expressed during the course of this presentation are strictly the opinions of the presenters. Milliman is an independent firm and provides unbiased research and analysis on behalf of many clients. Milliman does not take any specific position on matters of public policy.



Thank you

Mary Yeh, FSA, MAAA

Joanne Fontana, FSA, MAAA

James Cooper, FSA, MAAA