Advancing Non-Medical Supplemental Benefits in Medicare Advantage

Long Term Care Discussion Group
December 17, 2020
Agenda

• Overview of Medicare Advantage
• New, Non-Medical Supplemental Benefits
• A Roadmap for Plans and Providers
• Considerations and Opportunities for Policymakers
Overview of Medicare Advantage
Beneficiaries have two options for Medicare

**Medicare Fee-For-Service (FFS) or “Original” Medicare**
- Federal government pays directly for healthcare costs
- To fill coverage gaps, individuals may choose to buy Supplemental Insurance
  - This insurance covers co-pays, deductibles, and other non-covered benefits under Medicare

**Medicare Advantage (MA)**
- Private insurance companies (HMOs) contract with the federal government to offer “Medicare plans” to Medicare beneficiaries
- In exchange for a flat monthly fee, insurance companies are responsible for all healthcare costs (as provided in plan documents) for people who enroll in their plan
Medicare Advantage Offers Financial Protections to Older Adults

<table>
<thead>
<tr>
<th>Medicare FFS</th>
<th>Medicare Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A deductible: $1,408</td>
<td>Monthly Part B premium</td>
</tr>
<tr>
<td>Part B annual deductible: $198</td>
<td>Monthly health plan premium: <em>varies by plan</em></td>
</tr>
<tr>
<td>Part B coinsurance: 20%</td>
<td>Deductibles and cost-sharing: <em>varies by plan</em></td>
</tr>
<tr>
<td>Monthly Part B premium <em>(optional, varies by income)</em></td>
<td><em>Medicare Advantage limits beneficiaries' total out-of-pocket costs (e.g., in 2020 the maximum was $6,700, some plans are less)</em></td>
</tr>
<tr>
<td>Monthly insurance premium for Prescription Drugs (Part D) <em>(optional, varies by income and plan selection)</em></td>
<td></td>
</tr>
<tr>
<td>Medigap insurance premium <em>(optional, covers out of pocket costs, varies by plan selection)</em></td>
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</tbody>
</table>
Federal Policy Also Allows Medicare Advantage To Cover Supplemental Benefits

<table>
<thead>
<tr>
<th>Statutory Authority to Cover</th>
<th>Medicare FFS</th>
<th>Medicare Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preventative Care*</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>(Some preventive services**)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dental</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Vision</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Podiatry</td>
<td>Medically necessary only</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>May include routine foot care</td>
<td></td>
</tr>
<tr>
<td>Hearing exams and aides</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Non-medical services and supports***</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>(Optional)</td>
<td></td>
</tr>
</tbody>
</table>

*All Medicare Advantage plans are required to cover preventative care.

**Medicare FFS covers certain preventive services recommended by the United States Preventive Services Task Force (USPSTF).

***New law now allows plans to cover some types of non-medical support and services and address social determinants of health.
Medicare Advantage Enrollment Growing Rapidly

Medicare Trustees Report Projection of Medicare Advantage Enrollment

A Higher Proportion of MA Enrollees Live Below 200% of FPL

Percentage of Medicare Beneficiaries by Income as a Percent of Federal Poverty Level

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Medicare Advantage</th>
<th>Fee-for-Service Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;100% FPL</td>
<td>22.3%</td>
<td>19.5%</td>
</tr>
<tr>
<td>100-199% FPL</td>
<td>24.7%</td>
<td>25.0%</td>
</tr>
<tr>
<td>200-399% FPL</td>
<td>25.0%</td>
<td>20.6%</td>
</tr>
<tr>
<td>&gt;400% FPL</td>
<td>28.0%</td>
<td>25.9%</td>
</tr>
</tbody>
</table>

Note: Data exclude nursing home residents.
Source: Anne Tumlinson Innovations analysis of 2017 Medicare Current Beneficiary Survey.
Medicare Advantage Enrollees Have Care Needs Similar to the Medicare FFS Population

Percentage of Medicare Beneficiaries with Key Chronic Conditions

<table>
<thead>
<tr>
<th>Condition</th>
<th>Medicare Advantage</th>
<th>Fee-for-Service Medicare</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF</td>
<td>6.9%</td>
<td>6.7%</td>
</tr>
<tr>
<td>COPD</td>
<td>20.3%</td>
<td>19.2%</td>
</tr>
<tr>
<td>Diabetes</td>
<td>35.2%</td>
<td>31.6%</td>
</tr>
<tr>
<td>Diagnosed with Dementia or Alzheimer's</td>
<td>4.1%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Note: Data exclude nursing home residents.
Source: Anne Tumlinson Innovations analysis of 2017 Medicare Current Beneficiary Survey.
Medicare Advantage Enrollees Also Have Complex Care Needs Similar to Medicare FFS Population

Percentage of Medicare Beneficiaries by Impairment Level

- Requires help with 1+ Instrumental Activities of Daily Living (IADLs)
  - Medicare Advantage: 28.1%
  - Fee-for-Service Medicare: 28.7%

- Requires help with 3+ IADLs
  - Medicare Advantage: 8.8%
  - Fee-for-Service Medicare: 9.2%

- Requires help with 1+ Activities of Daily Living (ADLs)
  - Medicare Advantage: 11.0%
  - Fee-for-Service Medicare: 10.2%

- Requires help with 2+ ADLs
  - Medicare Advantage: 5.9%
  - Fee-for-Service Medicare: 5.7%

Note: Data exclude nursing home residents.
Source: Anne Tumlinson Innovations analysis of 2017 Medicare Current Beneficiary Survey.
New, Non-Medical Supplemental Benefits
Financing for Supplemental Benefits Is Limited, the Average Rebate Is $122 Per Enrollee Per Month

<table>
<thead>
<tr>
<th></th>
<th>Plan A Bid</th>
<th>Plan B Bid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Rate</td>
<td>$826</td>
<td>$1,050</td>
</tr>
<tr>
<td>Rebate</td>
<td>0.7*$174 = $122</td>
<td></td>
</tr>
<tr>
<td>Plan Premium</td>
<td>$50</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

Amount for reducing enrollee out of pocket spending & offering **supplemental benefits**

MORE ENROLLMENT
On Average, Plans Use $22 in Rebate Dollars Per Member Per Month on Part A and Part B Supplemental Benefits

$122 Average Rebate Amount in 2020

- Cost Share Reduction
- Part A and Part B Supplemental Benefits
- Part D Premiums
- Part D Supplemental Benefits
- Part B Premiums

Recent Changes Have Been Introduced in MA

Medicare Advantage supplemental benefits were historically limited to acute, post-acute, and medical ("health-related") services

<table>
<thead>
<tr>
<th>Year</th>
<th>Authority</th>
<th>Policy Change</th>
<th>Examples</th>
</tr>
</thead>
</table>
| 2019 | Expansion of Definition of "Primarily Health-Related" Benefits | • CMS expands definition of “primarily health-related” to allow services typically viewed as custodial/maintenance  
• Also allowed uniform flexibility  
• NOT health-related: cosmetic, comfort, social determinant purposes | ▪ Adult Day Health  
▪ In-Home Supports  
▪ Caregiver Supports  
▪ Home Safety Modifications |
| 2020 | Special Supplemental Benefits for the Chronically Ill (SSBCI) | • Congress allows for provision of services that do not need to be “primarily health-related” and are targeted to medically complex, chronically ill individuals, with a high risk of hospitalization or other adverse health outcomes and in need of intensive care coordination  
• These can be tailored according to individual need and may include social determinants of health | ▪ Meals  
▪ Social Needs Benefits  
▪ Structural Home Modifications  
▪ Non-Medical Transportation |
Consensus-Based Principles for SSBCI Guide Work

A TURNING POINT IN MEDICARE POLICY:
Guiding Principles for New Flexibility Under Special Supplemental Benefits for the Chronically Ill

BALANCING PRINCIPLES

- SSBCI Are Clear and Understandable
- SSBCI Are Equitable
- SSBCI Are Manageable and Sustainable
- SSBCI Evolve with Continuous Learning and Improvement

CORE PRINCIPLE
SSBCI Reflect Individual Needs

SUGGESTED NEXT STEPS
- Develop Better Beneficiary Decision Tools
- Build Evidence Base
- Pilot and Test Ideas
- Support Plan Collaboration and Learning
- Develop Better Risk-Adjustment

Number of Plans Using Supplemental Benefit Authorities Grew Dramatically from 2020 to 2021

Number of Plans Using Different Supplemental Benefit Authorities

- Expanded Definition of Primarily Health-Related Benefits: 499 (2020) vs. 737 (2021)
- SSBCI: 245 (2020) vs. 920 (2021)
- Uniform Flexibility: 308 (2020) vs. 500 (2021)
- VBID: 157 (2020) vs. 440 (2021)

# Overview of New, Non-Medical Benefits in 2020 and 2021

Note: For all analyses, a plan is defined as the combination of a Contract Number, Plan Identifier, and Segment ID. Source: ATI Advisory analysis of CMS PBP files, excludes Prescription Drug Plans (PDPs), Medicare-Medicaid Plans (MMP), and PACE.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Number of Plans Offering in 2020:</th>
<th>Number of Plans Offering in 2021:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New Primarily Health-Related Supplemental Benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-Home Support Services</td>
<td>223</td>
<td>429</td>
</tr>
<tr>
<td>Adult Day Health Services</td>
<td>84</td>
<td>127</td>
</tr>
<tr>
<td>Home-Based Palliative Care</td>
<td>61</td>
<td>134</td>
</tr>
<tr>
<td>Support for Caregivers of Enrollees</td>
<td>125</td>
<td>95</td>
</tr>
<tr>
<td>Therapeutic Massage</td>
<td>230</td>
<td>176</td>
</tr>
<tr>
<td><strong>TOTAL (offering at least 1 new primarily health-related supplemental benefit):</strong></td>
<td>499</td>
<td>737</td>
</tr>
<tr>
<td><strong>Special Supplemental Benefits for the Chronically Ill (SSBCI)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food and Produce</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>Meals (beyond limited basis)</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Pest Control</td>
<td>118</td>
<td></td>
</tr>
<tr>
<td>Transportation for Non-Medical Needs</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>Indoor Air Quality Equipment and Services</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Social Needs Benefit</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Complementary Therapies</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Services Supporting Self-Direction</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Structural Home Modifications</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>General Supports for Living</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td><strong>Other: Service Dog Supports</strong></td>
<td>51</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL (offering at least 1 SSBCI):</strong></td>
<td>245</td>
<td>920</td>
</tr>
</tbody>
</table>

These data will be available in early 2021.

Approximately 920

Note: For all analyses, a plan is defined as the combination of a Contract Number, Plan Identifier, and Segment ID. Source: ATI Advisory analysis of CMS PBP files, excludes Prescription Drug Plans (PDPs), Medicare-Medicaid Plans (MMP), and PACE.
Plans Offering Expanded Primarily Health-Related Benefits in 2021

Number of Plans Offering Expanded PHRB: 737

Number of States: 42 (including Puerto Rico)¹

Number of Counties: 1,943¹

Source: ATI Advisory analysis of CMS PBP files, excludes Prescription Drug Plans (PDPs), Medicare-Medicaid Plans (MMP), and PACE. ¹ State and county count includes Puerto Rico and other territories, not displayed in map above.
Plans Offering Special Supplemental Benefits for the Chronically Ill (SSBCI) in 2020

Number of Plans Offering SSBCI: 245

Number of States: 31 (including Puerto Rico)\(^1\)

Number of Counties: 1,151\(^1\)

Source: ATI Advisory analysis of CMS PBP files, excludes Prescription Drug Plans (PDPs), Medicare-Medicaid Plans (MMP), and PACE. 1. State and county count includes Puerto Rico and other territories, not displayed in map above.
Providing Non-Medical Supplemental Benefits in Medicare Advantage: A Roadmap for Plans and Providers
Roadmap Emerging to Guide Plans Offering Expanded Supplemental Benefits

Purpose of Roadmap:
• To expand the number of plans offering meaningful supplemental benefits to maintain or improve member health

Roadmap Input and Findings:
• Market research included interviews with 20+ Medicare Advantage Organizations (MAOs), providers, and beneficiary advocates
• Identified 5 key steps, associated roadblocks, and practical strategies to overcome these challenges
Plans Offer Benefits to Attract & Retain Members

And to Improve Health Outcomes

Factors Plans Take Into Consideration When Designing Benefit Packages

- What is attractive to current and potential members?
- Who should be eligible for these benefits?
- What benefits can really help members?
- What can help star ratings?
- What was offered last year and what are competitors offering?
- What can the plan afford?
How a Plan Bid is Developed and Submitted to CMS

Bid Process

CMS Action

- Fall: CMS releases rate “Early Preview”
- Winter: CMS releases Advance Notice and Draft Call Letter
- April: CMS releases Final Notice and Call Letter, including rates
- Summer: CMS reviews and accepts new plan bids
- January 1: New plan year period

The Bid Process

- Two Years Before Anticipated Plan Year
- Year Before Anticipated Plan Year
- Early Year: Plans formally begin development of new plan bids to CMS
- June: Plans submit their bids for the coming plan year
- Late Summer to Fall: Plans prepare for Medicare Election Period
- October to December: Medicare Election Period: Beneficiaries sign up for Medicare Advantage plans

Plan Action

- Winter: Plans submit Notice of Intent to Apply

Note: Timeline not to scale.
Step 1 of the Roadmap: Build Support for Innovative Benefits within the Plan

1. Build Support for Innovative Benefits within the Plan

Roadblock: MA organizational culture and comfort with uncertainty deters uptake

- Identify (or be) an internal advocate for new, innovative benefits
- Identify the benefits members and staff want
- Bring data and results to the conversation
- Test a new benefit offering
Step 2 of the Roadmap: Make Provider/Plan Connection and Develop Network

2. Make Provider/Plan Connection and Develop Network

Roadblock: Providers lack access to plan’s team that develops supplemental benefits

- Use every tool available to connect to the right person in the plan

Roadblock: A single provider often cannot serve a plan’s entire service area

- Digital health and third-party aggregators can provide solutions

Roadblock: Providers are experiencing contracting overload

- National associations, franchisors, and third-party entities can help build infrastructure
- Review contracts to streamline requirements

Roadblock: Lower-volume services may require a higher level of payment

- Provide information about requirements that drive costs
- Work with plans to offer high value, sustainable benefits
Step 3 of the Roadmap: Design Benefits and Develop Bid

3. Design Benefits and Develop Bid

Roadblock: Benefits can be costly to provide to all members
- Target costly benefits to the highest need members

Roadblock: Plans must determine who is eligible for the benefit
- Make benefits available through a care manager
- Advocate for CMS to provide examples of what does and does not meet the three-part test

Roadblock: CMS expresses concerns about a proposed benefit offering
- Design benefits to meet statutory and regulatory requirements
4. Educate and Implement

**Roadblock: Members do not know they are eligible for a service or how to access it**
- Communicate early and often
- Build an infrastructure for eligibility and referral
- Educate information providers

**Roadblock: Key staff may not know the benefit is available or how to access it**
- Educate staff about benefit offerings
- Educate care managers and discharge planners about a benefit and its impact
- Educate network providers
Step 5 of the Roadmap: Learn/Iterate for Better Results

5. Learn/Iterate for Better Results

Roadblock: Members are not using these benefits
- Assess the “why”
- Try innovative benefit offerings that provide more flexibility and choice

Roadblock: Collecting evidence is difficult
- Identify a matched-comparison group
- Used informal evaluations and feedback

Roadblock: Benefits may appear to cost more than they save, but care managers, providers, and/or members report high value
- Assess how the benefit is sized and targeted

Roadblock: Plans are not incentivized to share their learnings with other plans
- Share key findings through trusted and neutral third parties
Fulfilling these Benefits Potential Requires Learning and Collaboration

• Big questions remain to be answered:
  - What goals will plans seek to advance and how will that affect offerings?
  - Role of CBOs and other local providers?
  - Will Plans/Providers share learnings?
  - Can members access?
  - What actions will policymakers take?

• Success requires continuous improvement and learning

• Roles for plans, providers, beneficiary advocates, trusted third-party entities, and government
Advancing Non-Medical Supplemental Benefits in Medicare Advantage: Considerations and Opportunities for Policymakers
Larger Considerations and Context Drive Plan Decisions

- Culture of MAO
- Targeting of Benefits
- Marketability
- Marketing
- Timing of Guidance
- Sustainability
- Contracting
Looking Forward – Policy Opportunities

Short-Term Policy Opportunities for CMS:

- Provide clarity and technical assistance for MAOs
- Improve marketing guidance and consumer information
- Release guidance around non-medical supplemental benefits earlier

Long-Term Policy Opportunities:

- Encourage learning between plans, providers, and other stakeholders
- Consider options to improve sustainability
Short-Term Policy Opportunities for CMS

Provide clarity and technical assistance for MAOs

- Policymakers should provide guidance that clarifies statutory language on SSBCI targeting criteria.
- CMS should provide examples of allowable and non-allowable benefits, while encouraging creativity and innovation.
Short-Term Policy Opportunities for CMS

**Improve marketing guidance and consumer information**

- With clear guidance from CMS on how these benefits can be marketed and improved information on Medicare Plan Finder, plans can do more to educate potential members on which benefits are available to them.
Short-Term Policy Opportunities for CMS

• Releasing guidance in November or December (instead of the following April) will better support MAOs’ abilities to design and build new benefits for their beneficiaries.

Release guidance around non-medical supplemental benefits earlier
Long-Term Policy Opportunities

Encourage learning between plans, providers, and other stakeholders

- Policymakers should consider learning collaboratives or public forums to promote exchange of best practices, while respecting plans’ and providers’ intellectual property.
Consider options to improve sustainability of non-medical supplemental benefits

Given challenges posed by relying on rebate and premium dollars for financing, there is an opportunity to develop better risk adjustment and explore a more sustainable funding mechanism for these benefits.
Future Considerations for Expansion of Benefits

- Offering non-medical benefits as a preventive benefit to address health needs and/or social risk factors in the absence of a chronic condition diagnosis

- Pilot testing promising benefits in Medicare Fee-For-Service (FFS) value-based models
### Guiding Principle

<table>
<thead>
<tr>
<th>Guiding Principle</th>
<th>Policy Opportunities</th>
</tr>
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<tbody>
<tr>
<td>Core Principle: SSBCI Reflect Individual Needs</td>
<td>- Consider offering non-medical benefits as a preventive benefit</td>
</tr>
<tr>
<td><strong>Balancing Principle 1:</strong> SSBCI Are Clear and Understandable</td>
<td>- Provide clarity and technical assistance</td>
</tr>
<tr>
<td></td>
<td>- Improve consumer information</td>
</tr>
<tr>
<td></td>
<td>- Release guidance early</td>
</tr>
<tr>
<td><strong>Balancing Principle 2:</strong> SSBCI Are Equitable</td>
<td>- Provide clarity and technical assistance</td>
</tr>
<tr>
<td><strong>Balancing Principle 3:</strong> SSBCI Are Manageable and Sustainable</td>
<td>- Consider options to improve sustainability</td>
</tr>
<tr>
<td><strong>Balancing Principle 4:</strong> SSBCI Evolve with Continuous Learning and Improvement</td>
<td>- Encourage shared learning</td>
</tr>
</tbody>
</table>
For More Information:

- Visit https://atiadvisory.com/advancing-non-medical-supplemental-benefits-in-medicare-advantage/ to read the **Roadmap, Policy Brief**, and to see past work on new, non-medical supplemental benefits, including the **Guiding Principles**.