

Review of Contract Year 2020 Medicare Advantage supplemental healthcare benefit offerings

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In the past two years, the Centers for Medicare & Medicaid Services (CMS) expanded the types and flexibility of supplemental benefits that Medicare Advantage organizations (MAOs) can offer to their enrollees.

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. MA plans may offer additional (supplemental) benefits such as dental, vision, and fitness. Under CMS guidelines issued in spring 2018, plans now 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, having had a full year to make strategic decisions. 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 Announcement¹ 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, transportation, and over-the-counter (OTC) benefits.

Prior to this, bathroom safety devices, 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), transportation was amended to include a health aide to assist the enrollee to and from the destination, and OTC benefits 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 contract year (CY) 2019. Under the expansion, any MA plan can now offer these benefits.

Figure 1 shows the number of plans offering one of the new supplemental benefits identified by CMS in CY 2019 and CY 2020.

FIGURE 1: SUMMARY OF EXPANDED SUPPLEMENTAL BENEFITS*

BENEFIT	CY 2019 PLANS	CY 2020 PLANS
Adult Day Health Services	0	64
Home-Based Palliative Care	29	58
In-Home Support Services	51	148
Support for Caregivers of Enrollees	N/A**	77
Therapeutic Massage	22	192
Total (116 plans offer more than one of these benefits in 2020; none did in 2019)	102	364

* D-SNPs excluded as these benefits were previously allowable benefits for D-SNP beneficiaries; there are 3,734 plans in CY 2020 subject to this reinterpretation.

** Support for caregivers of enrollees classified differently in CY2019.

As bathroom safety devices, transportation, and OTC benefits were previously allowable supplemental benefits, it is unclear from

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 October 24, 2019, 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 October 24, 2019, 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>.

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 1.

Uniformity requirement reinterpretation and SSBCI

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

CMS provided guidance on April 27, 2018⁵ 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 enjoy the same access to these targeted benefits.

CMS provided guidance on April 24, 2019⁶ 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 of overall function of the chronically ill enrollee.”

Information about which plans chose to offer benefits under either of these provisions and what those benefits were is not publicly available at this time. We expect that information to be available when “PBP Benefits - 2020 - Quarter 2” is published.

Sources and assumptions

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

The CY2019 numbers shown in this report are distinct from the totals noted in CMS’s fact sheet,⁷ as CMS included plans offering new benefits under the reinterpretation of the uniformity requirement in its report. Plan details regarding the uniformity requirement are not publicly available at this time.

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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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³ CMS. PBP Benefits - 2019 - Quarter 1. Retrieved October 24, 2019, 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 1. Retrieved October 24, 2019, from <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/Benefits-Data-Items/2020-PBP-Benefits-Q1.html>

⁵ CMS (April 27, 2018). HPMS Memo. Uniformity Requirements 4-27-18. Retrieved October 24, 2019, 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>

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

⁷ CMS (September 28, 2018). Fact Sheet: 2019 Medicare Advantage and Part D Prescription Drug Program Landscape. Retrieved October 24, 2019, from <https://www.cms.gov/newsroom/fact-sheets/2019-medicare-advantage-and-part-d-prescription-drug-program-landscape>