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The Shelf is Getting Crowded: How Health Plans Should Navigate MA Supplemental Benefits

As the Centers for Medicare and Medicaid Services ("CMS") continues to broaden its definition of Medicare Advantage ("MA") supplemental benefits, health plans must navigate an increasingly complex landscape of competitors, vendors and programs in order to provide the optimal benefits for their diverse membership populations. Plans should weigh the costs of investing in these benefits against all potential advantages when calculating the return on their investments.

Key Highlights of This Brief:

- Recent regulatory flexibilities applied to supplemental benefits have significantly expanded the breadth of offerings health plans can explore.
- Experimentation with initial non-Medicare covered benefits (e.g., dental, vision, hearing) has quickly escalated to "table stakes" offerings that are now included in over 90% of all plan offerings.
- The next frontier of benefits initially appear to target direct intervention and management of social determinants of health ("SDOH"), such as poverty, unequal access to health care, limited education, and stigma, which are also underlying and contributing factors to health inequities in today's healthcare ecosystem.
- Given that the next frontier of benefits are only in the pilot stages of deployment, health plans and supplemental benefit vendors alike will require a "test and learn" model to ensure benefit outcomes are measured appropriately and Return on Investment ("ROI") is accurately captured year over year.
- Managing a meaningfully expanded portfolio of supplemental benefits may require MA plans to reengineer their approach to bids, product management and member engagement.

BACKGROUND & CONTEXT SETTING

Much ado has been made in recent years of the increased flexibility surrounding MA supplemental benefits, and for good reason—MA plans now have an **unprecedented ability to offer a broader set of benefits and tailor products to the specific needs of their unique member populations.** These benefits not only improve members' quality of care and experience but also help MA plans attract new members, reduce spend on emergent care and increase their Star Ratings.

This sea of change has many contributing factors, but the leading cause can be boiled down to two synergistic regulatory changes:

- The CHRONIC Care Act of 2018 stipulated that, starting in 2020, MA plans **can include non-medical services**, such as food services, wheelchair ramps and pest control that prevent future accidents and help members manage daily tasks. These "non-medical" benefits are defined as those benefits that have a reasonable expectation of improving or maintaining the health or overall function of the enrollee.
- Additionally, the CHRONIC Care Act allowed plans to offer Special Supplemental Benefits for the Chronically Ill (SSBCI) benefit offerings that target members with specific chronic conditions.
- CMS' 2019 Final Call Letter eased **"uniformity requirements,"** allowing MA plans to offer benefits targeted primarily at members meeting specific medical criteria, as long as all members that meet the criteria enjoy the same access.

This flexibility has clear benefits for both plans and members. **By providing a regulatory pathway to address social determinants, a key contributing factor to health inequities being experienced across the healthcare ecosystem today, benefit innovations could play a significant role in how care is tailored to each individual moving forward.** Given these recent legislative changes, plans are left with an important question: **how should plans evaluate, prioritize, implement and assess the performance of new supplemental benefits?**

For many plans, the answer lies in a rapidly evolving concept—**SDOH**—a concept we detail in a previous Executive Brief (see Figure 1). These determinants, many of which are not primarily health-related, have significant implications on member health and are therefore ideal targets for supplemental benefits. Furthermore, CMS stated in its 2023 Final Call Letter that it is examining future changes to the risk-adjustment model and Star Ratings program to incorporate SDOH and health equity factors, signaling that **all MA plans could eventually be required to incorporate these factors** into their plan operations more broadly.

This notion is quite timely given **CMS' recently released Request for Information ("RFI") on resolving social determinant issues and advancing health equity as part of the broader strategic vision for the future of the Medicare program (responses were due August 30th, 2022).** It will be interesting to monitor how broader industry players address SDOH and the future role supplemental benefits could play in furthering these efforts in their official responses.

In a recent Executive Brief, we explained how large health plans and upstarts alike are looking to dental benefits to improve member health and grow their product portfolios. In this brief, we're turning to the "new frontier" in supplemental benefits to help plans navigate the rapidly evolving landscape of benefits, vendors and SDOH programs that have proliferated in the wake of recent regulatory changes.

Figure 1: Social Determinants of Health
Source: Kaiser Family Foundation, Social Determinants and Health Equity, 2018

HISTORICAL "TABLE STAKES" OFFERINGS

Seniors place great emphasis on traditional supplemental benefit offerings, such as dental, vision, hearing and fitness. With **over 90% of Individual MA plans offering dental, vision, hearing, fitness and telehealth benefits**, and over 4 in 5 offering Over the Counter ("OTC") benefits, these benefit domains can be considered "table stakes" offerings. It is essential for MA plans to continue to offer each of these staple benefits to remain competitive.

For example (see Figure 2), in as little as three years, supplemental benefits such as OTC have gone from pilot supplemental benefit programs to expansive prerequisite offerings for market competitiveness.

Product differentiation is more important than ever as the average beneficiary has access to almost 40 different plans, that all vary in terms of their supplemental benefits. As competition heats up for a share of the supplemental benefits wallet, MA plans must evolve their evaluation of these traditional supplemental benefits to stand out in a crowded field while also ensuring that they submit a compliant and financially sustainable bid.

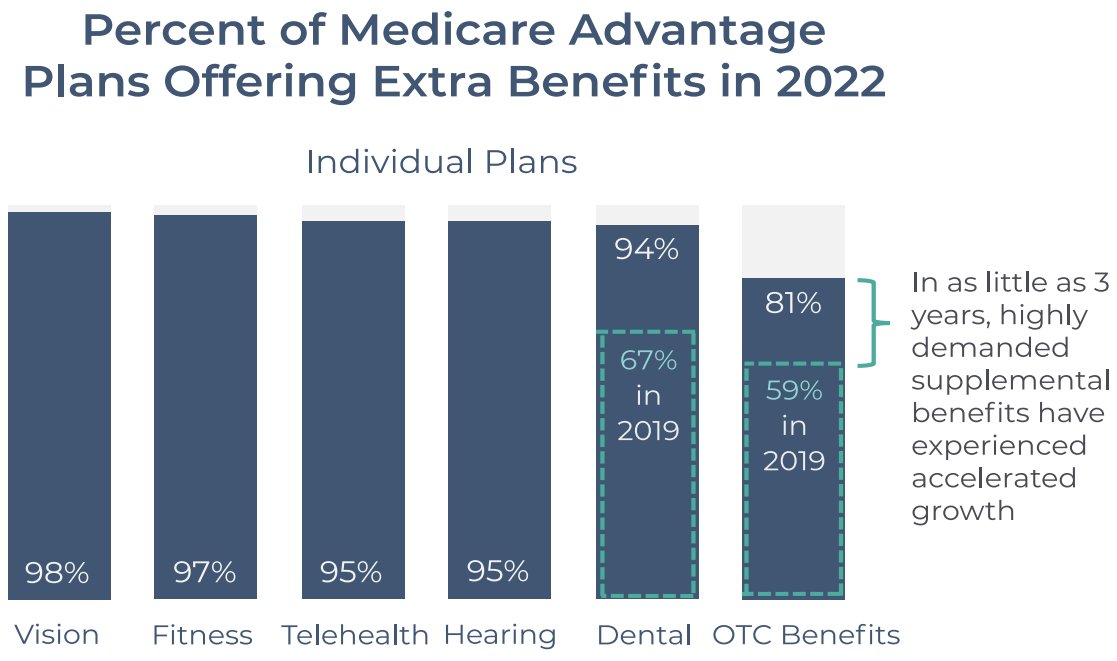


Figure 2: *Percent of Medicare Advantage Plans Offering Extra Benefits in 2022*
Source: *Kaiser Family Foundation, Medicare Advantage 2022 Spotlight*

Outside of the aforementioned "table stakes" benefit domains, **innovative SDOH offerings are entering the market with a greater focus on whole-person health** based on community-specific needs. Recent trends have exhibited a broad expansion in previously piloted SDOH benefits available to beneficiaries. While the leading benefits, such as remote monitoring and meal/nutrition benefits, have significant penetration among Individual MA plans, lesser-known benefits such as **in-home caregiver support services and social needs benefits are also gaining steam** as technology-focused start-ups continue to deploy new benefit solutions across the MA marketplace (see Figure 3).

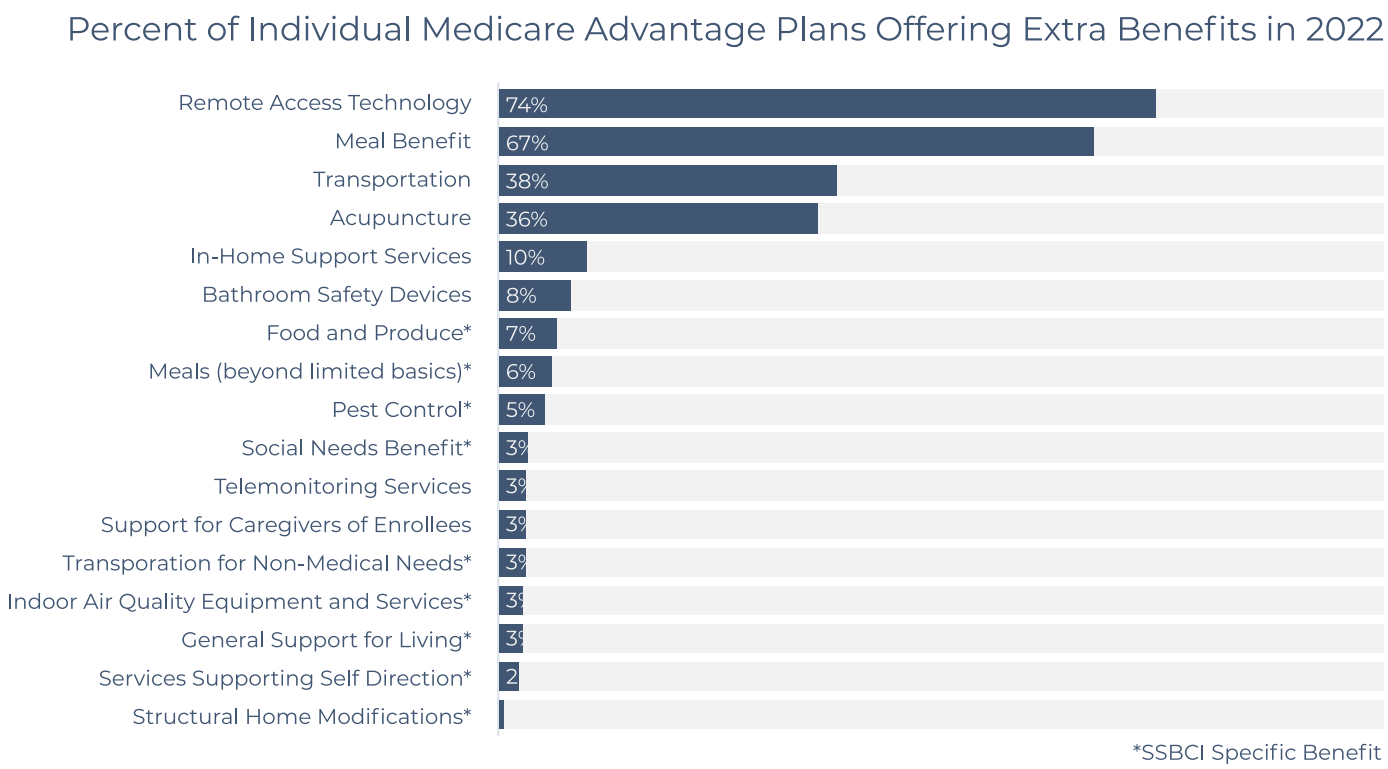


Figure 3: *Percent of Individual Medicare Advantage Plans Offering Extra Benefits in 2022*
Source: *Kaiser Family Foundation, Medicare Advantage 2022 Spotlight*

Within the universe of SDOH-focused benefit trends that are beginning to emerge, **each SDOH category has its own set of potential supplemental benefits that may be uniquely tailored to social and equity challenges across specific member cohorts,** as illustrated in Figure 4.

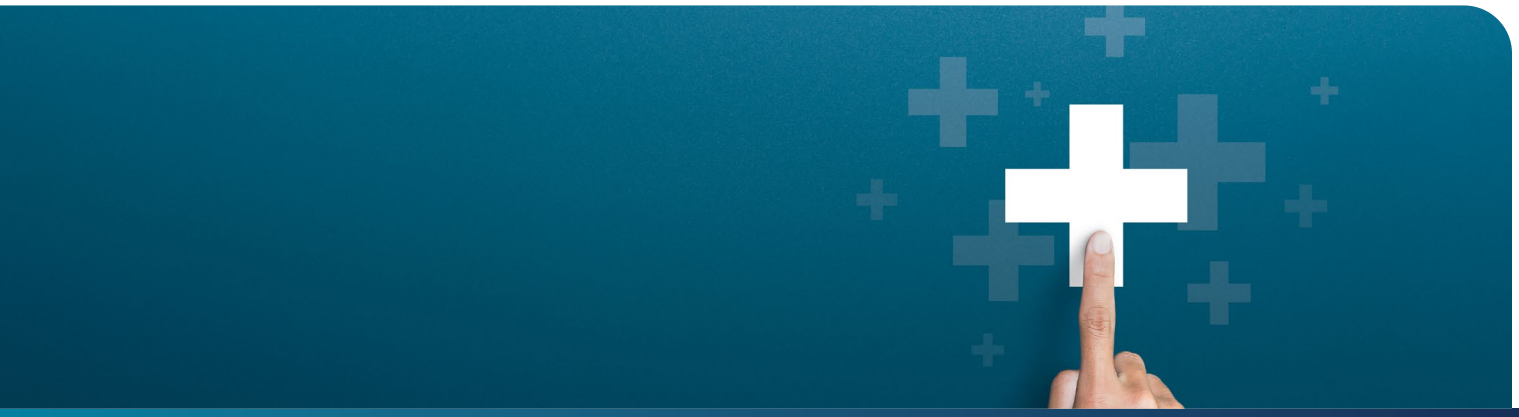
SDOH	Example Problem Statement	Example Supplemental Benefit	Example Outcomes
Neighborhood and Physical Environment 	The largest cause of fatal and non-fatal injuries to seniors comes from falling Each year, around $50 billion is spent on treatment after non-fatal falls	• Bathroom Safety Devices • Structural Home Modifications • Indoor Air Quality Equipment • Pest Control	• Real-time deployment of bathroom grab bars to reduce falls • Additions of bars, wheelchair ramps, and wider doors to improve physical home mobility • Ability to tether remote patient monitoring solution for real-time issue identification and benefit deployment
Economic Stability 	Compared to those with incomes above $40,000, three times as many beneficiaries with an income of less than $20,000 reported delaying care due to cost	• Flexible Benefits Allowances • OTC Cards • Non-Medical Transportation	
Food 	Nearly 10% of Medicare enrollees aged 65 and older experience food insecurity Nearly 40% of the 9 million younger Medicare enrollees with long-term disabilities are food insecure	• Digital Food Pharmacy • Grocery Benefits • Transportation to Food Banks and Stores • Incentives for Healthy Eating	• Convenience / accessibility to healthy foods through delivery and transportation • Nutritional education to assist with smarter eating habits to manage condition(s) • Preventative measures to reduce risk of hospital admission
Education 	Recent clinical trials have confirmed that diabetes education significantly improved the percentage of patients achieving therapeutic targets, and increased medication adherence and self-care performance	• Diabetes Self-Management Training • Health and Wellness Education Programs	
Community and Social Context 	28% of older adults live alone Older adults living alone are 50% more likely to access emergency care services	• Companion Care Services • Support for Caregivers of Enrollees • Social Needs Benefit • Culturally-Aligned Providers	• Synergies of in-home data capture to more effectively deploy other benefit initiatives (e.g., caregiver notices medication adherence issues in the home – routes data point to care management team) • Quarterback model of information management; share information to empower caregivers and predict needs
Health Care System 	75% of adults over 65 use the internet 62% of adults over 50 used telehealth during the pandemic	• Telemonitoring Services/ Telehealth • First-Visit Credits	

Figure 4: SDOH challenges across specific member cohorts. ***Sources:*** *MedicareAdvantage.com Fall Prevention Guide, 2022; CDC Fall Data, 2020; AHA Study, 2019; NCBI Diabetes Data, 2016; KFF Medicare, 2016; Pew Research on Loneliness, 2020; Campaign to End Loneliness, 2022; Pew Research on Internet Use, 2022*

With a wider breadth of supplemental benefits coming into play, MA plans have new and more complex decisions to make year-over-year as the “shelf gets more crowded.” These questions include:

- Which SDOH benefits are likely to provide the greatest benefit to our plan’s specific member population?
- Which SDOH benefit categories should be considered and assessed?
- Should plans opt to build, buy or partner with other entities to deploy these types of benefits?
- Which supplemental benefits vendors should be evaluated?
- Which supplemental benefits vendors should be piloted?
- How do we measure / quantify the value and success (ROI) of these SDOH benefits?
- What is the impact of an SDOH supplemental benefit on our plan’s member population?
- Should any pilot programs be eliminated or expanded?

At the end of the day, MA plans must break down complexities and establish a routinized process to evaluate and determine which benefit offerings will provide the greatest long-term benefit, medical or non-medical, to beneficiaries in a world of complex choices.



HOLISTIC SUPPLEMENTAL BENEFITS FRAMEWORK

For MA plans, the process of **prioritizing benefit enhancements** across the portfolio, geographic footprint and membership cohorts can be challenging. Further complicating these efforts are the many stakeholders—from compliance to clinical programs to claims processing to corporate strategy—that need to be involved in the effort from strategy development through execution.

To navigate these challenges, HealthScape proposes a **"test-and-learn" model** (see Figure 5) for MA supplemental benefits, balancing the need for broad organizational buy-in with the focus needed to implement impactful programs. Once MA plans identify their organizational goals for "New Frontier" supplemental benefits, the test-and-learn model begins with an integrated team tasked with identifying the highest-impact programs, **weighing member needs, financial viability, operational complexity and competitor offerings.** This team should also identify "test" products in the current book-of-business that have favorable membership and competitive dynamics for implementing enhancements and measuring success. While these efforts may be championed by product and clinical strategy teams, MA plans will need to establish a process for engaging the broader operational teams necessary to implement their SDOH-focused pilot programs.

Supplemental Benefit "Test-and-Learn" Model

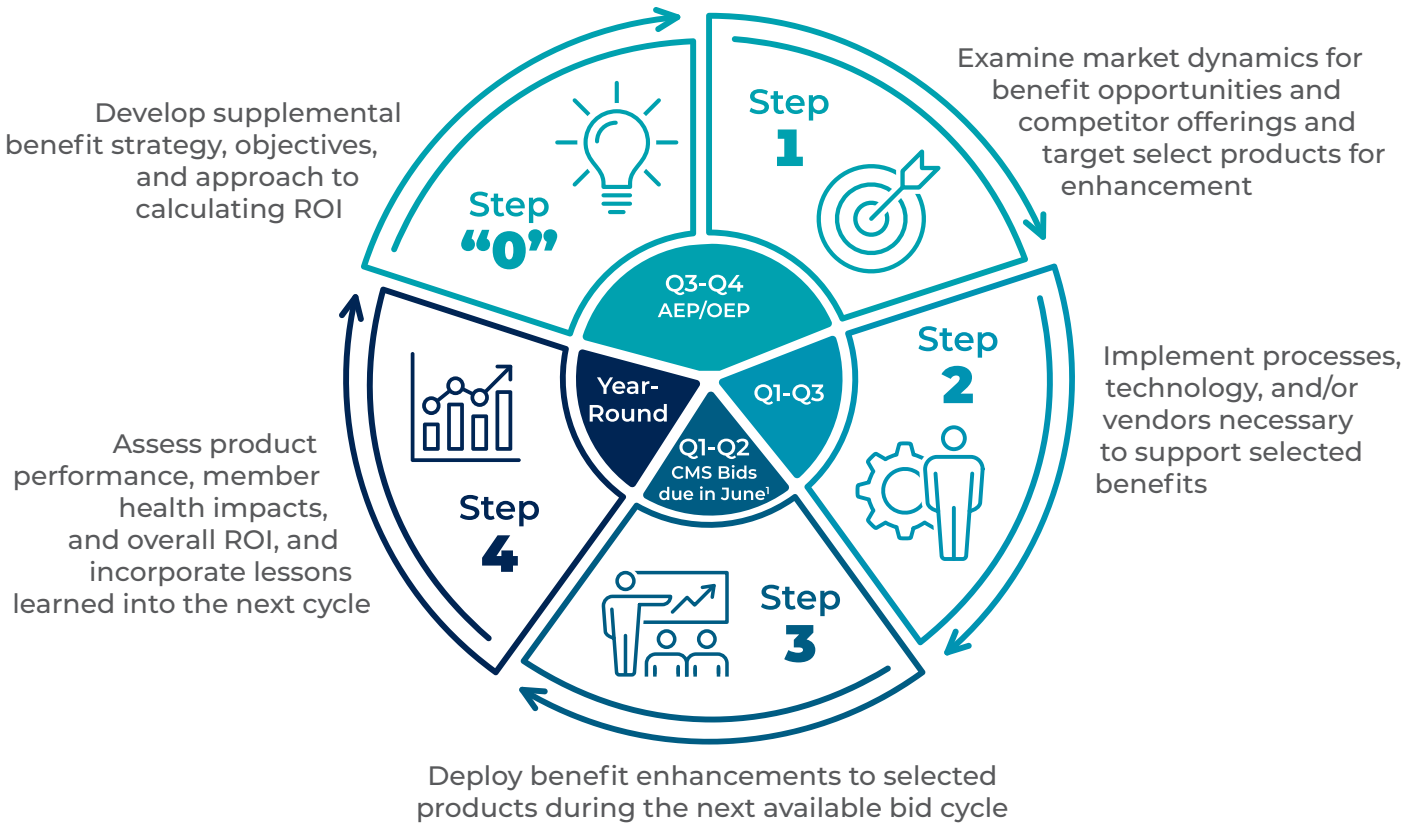


Figure 5: Supplemental Benefit "Test-and-Learn" Model
(1) CMS - Contract Year (CY) 2023 Medicare Advantage Bid Pricing Tool Application

Organizational mobilization and implementation efforts begin with processes and/or the relationships necessary to deploy the benefit. As SDOH-related benefits vary greatly in scope and complexity, this process can range from a short-term claims system update to a long-term joint venture. Depending on the length of the implementation, plans should **iteratively assess target products and markets** based on all available information.

After the first bid "cycle," the test-and-learn model **becomes embedded in the annual bid preparation** process with the broader team to operationalize additional differentiated enhancements each year. MA plans should assess the success of newly deployed benefits for potential rollout to products with similar membership profiles, and continually examine the opportunity for future enhancements in rapidly changing markets.

HealthScape has recently supported several clients refresh their bid cycle activities to include this new wave of benefit design. Key learnings include:

1. **Shifting the bid strategy from a one-year forecast to a multi-year strategy** for overall health status improvement, leveraging these new benefit tools and careful measurement of cost and benefit return.
2. **Reengineering the internal bid process to a more formal innovation platform** that involves thought leadership in areas including, but not limited to, clinical management, risk coding accuracy, member engagement and community relations.
3. **Formalizing sponsorship at each level of the organization** to ensure durability of the effort for short- and longer-term investment period as described above.

HEALTHSCAPE CAN HELP

From National MA plans looking to level up their product strategies, to local Adult Day Health centers seeking to enter the MA space, HealthScape has the experience and expertise to help. We have supported plans of all sizes innovate and manage their supplemental benefits strategy to drive MA membership and optimize performance.

Contact Brian Goetsch and Jesse Owdom for more information.

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