CMS Sets New Standards for SSBCI and Supplemental Benefits Across Medicare Advantage Plans

The Centers for Medicare and Medicaid Services (CMS) recently released a final rule with changes to the Medicare Advantage (MA) and prescription drug program (MA-PD) for Contract Year 2025 (CY2025). CMS' stated goal for the final rule is to strengthen consumer protections and guardrails, promote fair competition, and ensure MA and Part D plans best meet the healthcare needs of Medicare beneficiaries.

The final rule is wide-reaching and will require health plans to adjust operations and strategy across many functions. In this brief, we are focusing on new rules related to two primary components:

1. **Special Supplemental Benefits for the Chronically Ill (SSBCI) evidence:** CMS wants to ensure that any SSBCI offered by MA organizations (MAOs) can be reasonably expected to improve or maintain the health or overall function of chronically ill enrollees.
2. **Supplemental benefit awareness and utilization:** CMS wants to ensure MA enrollees are fully aware of all available supplemental benefits. These benefits should improve enrollees' health outcomes and address their social drivers of health.

What Issue is CMS Trying to Solve?

SSBCI provides flexibility for plans to offer more innovative supplemental benefits, such as non-medical transportation and food/produce. CMS wants to ensure that the SSBCI benefits are improving or maintaining the health or overall function of chronically ill enrollees and guard against the use of MA rebate dollars for SSBCI that are not supported by acceptable evidence. CMS is seeking to shift the burden from CMS to the MAOs to demonstrate compliance with this standard.

For supplemental benefits more broadly, CMS is seeking to ensure that MAOs are better custodians of the rebate dollars CMS provides and that all enrollees are receiving benefit from these offerings. With the growth in MA, the number of MA plans offering supplemental benefits and the types of benefits have increased, yet utilization of these benefits remains low in certain cases. CMS is concerned that some MAOs extensively market supplemental benefits during enrollment periods but do not follow up throughout the year to ensure enrollees are using them.

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What Regulations Did CMS Finalize?

To address these issues, CMS updated rules to focus on transparency and evidence for SSBCI services and access, equity, and utilization for supplemental benefits.

Special Supplemental Benefits for the Chronically ill

Beginning with the CY2025 bid process, CMS is establishing authority to review and approve or deny an MAO's bid if the MAO has not demonstrated, based on acceptable evidence, that its proposed SSBCI is reasonably expected to improve or maintain the health or overall function of its chronically ill enrollees. CMS is also implementing annual review of SSBCI offerings for compliance, evaluating whether the evidence available at the time supports their inclusion.

To comply with the final rule, MAOs must do the following:

- **Establish evidence-based bibliography:** An MAO must establish an evidence-based bibliography of high-quality clinical literature for each SSBCI offering, showing it can reasonably improve or maintain the health of chronically ill enrollees. All supporting evidence must be published within 10 years of the coverage year.
- **Employ non-discriminatory eligibility policies:** MAOs must use written, objective criteria to determine an enrollee's eligibility for SSBCI, ensuring they meet the definition of "chronically ill enrollee" with complex conditions needing intensive care coordination. MAOs must also document when enrollees are deemed ineligible to ensure equitable access to benefits.
- **Provide transparent communication:** CMS is implementing new policies to ensure enrollees understand their SSBCI eligibility, requiring MAOs to include a disclaimer across all communication channels listing the chronic conditions required for eligibility and clarifying that additional criteria may apply.

Mid-Year Enrollee Notification of Available Supplemental Benefits

Beginning January 1, 2026, MAOs must send mid-year notifications annually, no sooner than June 30 and no later than July 31, to each enrollee with unused supplemental benefits. CMS requires the mid-year notice to support health equity and inform enrollees about supplemental benefits they have not yet accessed.

- **Mid-year notice content requirement:** To comply, plans must send notices customized to each individual member. Each notice must contain the following information:
  - Benefits not utilized by the enrollee during the first 6 months of the year (January 1 to June 30)
  - Details on eligibility criteria and overview of limitations
  - Instructions on how to access benefits and related provider networks
  - A toll-free customer service number for questions

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What Should Plans Do?

These policies may have differing impacts to MAOs, depending on their product portfolio and their supplemental benefit offerings. Regardless, these requirements create significant operational challenges for plans. The following actions should be considered to prepare for implementation of the changes.

Mid-year reporting requirements

1. **Evaluate operational readiness and vendor contracts:** Plans should evaluate system and operational readiness to identify unused benefits. They also should evaluate vendor contracts to ensure supplemental benefit vendor partners are accountable for tracking and sharing enrollee utilization data on an ongoing basis.

2. **Establish an operational plan for mid-year reporting requirements:** Based on the outcome of the readiness assessment, MAOs should establish an operating plan to ensure that the reporting requirements are implemented. This cross-functional operational plan must account for the flow of information from each vendor, analytics to determine benefit use, and member-facing reporting/communication.

3. **Align benefits to member needs and product:** Rather than trying to offer all benefits in any one product, MAOs should ensure that they have a clear understanding of each product's target demographic to inform which benefits are more valuable for a given member cohort. This alignment will result in different benefit strategies for HMO vs. PPO and D-SNP vs. C-SNP. It will also allow MAOs to reduce the administrative burden and avoid spending on benefits that are less valuable to a given population.

4. **Analyze benefits' value proposition:** Given margin pressures facing plans and the operational burden from reporting requirements, MAOs need a clear understanding of the value derived from various supplemental benefits so they can rationalize the product portfolio. MAOs should take a data-driven approach to understand the value that each supplemental benefit delivers to the plan's membership (e.g., improved health outcomes, medical cost reduction, increased member satisfaction, and retention). Results from this value proposition analysis can support the rationalization of benefits and alignment of benefits to select member populations and ensure benefits are deployed in the most beneficial and cost-effective manner.

SSBCI evidence

5. **Capture SSBCI evidence for targeted clinical conditions:** MAOs should coordinate with vendor, provider, and other plan partners to gather health improvement evidence from credible resources, establish an evidence-based library to support offered benefits and services, and implement ongoing maintenance protocols.

6. **Establish member transparency:** To avoid any member confusion, plans must refresh their member communication strategy and tactics. The goal should be to effectively communicate SSBCI eligibility requirements and limitations across all channels and clarify how to access unused benefits.

What Should Supplemental Benefit Vendors Do?

1. **Communicate knowledge and compliance with requirements:** Based on this impact assessment, supplemental benefit vendors can proactively communicate their intended response to address these requirements rather than reacting to multiple (and likely varying) health plan requests.

2. **Conduct operational impact assessment:** Supplemental benefit vendors should determine the impact of these requirements on their operations and interface with their health plan partners. Vendors should evaluate the type and frequency of reporting provided to their health plan partners to ensure it will address go-forward needs.

3. **Gather relevant evidence:** Supplemental benefit vendors can partner with third parties to publish studies demonstrating the effectiveness of their services and conduct relevant studies that demonstrate the impact of their benefits on specific clinical outcomes or member experience.

4. **Coordinate with health plans to collect and analyze data:** Work with health plans to create joint reports that showcase clinical outcomes and cost savings. Monitor health outcomes through standard measures such as quality of care, patient satisfaction, and cost of care. Leverage advanced analytics to identify trends and measure the impact of benefits on patient health.

5. **Model financial impact:** Vendors should evaluate scenarios of financial impact from expected increases in utilization, driven by notification/communication of supplemental benefit usage. This evaluation should inform go-forward pricing for their services.

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HealthScape Can Help

The new regulations for SSBCI and supplemental benefits present both operational challenges and strategic opportunities for health plans and supplemental benefit vendors. Our expertise and analytic solutions supporting MA plans and their partners across the country has helped them navigate complex regulatory environments and unlock the full potential of supplemental benefits to achieve margin goals and maintain a competitive market advantage.

With respect to these regulations, we have proven approaches that can help plans prepare and address these upcoming requirements, including:

- **Value proposition analytics (VPA):** Quantify the impact of supplemental benefit offerings on incurred medical cost, clinical and non-clinical outcomes, member experience, and member retention to make data-informed decisions for the future-state product design.
- **MA operating model strategy and design:** Develop a sustainable operating model for long-term MA performance and success, inclusive of robust vendor oversight and operating platform optimization for supplemental benefit and SSBCI programs and member communication capabilities to keep members informed of benefit utilization.
- **MA vendor readiness assessment:** Assess operational and financial readiness of supplemental benefit vendors to support health plan partners' compliance with CMS requirements through an evaluation of operational, reporting, analytic and data-sharing capability gaps and quantification of the financial impact and strategic implications of increased utilization of services.

ADVISOR HIGHLIGHT

Alexis Levy
Senior Partner
alevy@healthscape.com

Brian Dineen
Associate Partner
bdineen@healthscape.com