

Increase Flexibility in Supplemental Benefits in Medicare Advantage to Enhance Beneficiary Care

BETTER MEDICARE
ALLIANCE

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Key Facts

- FFS Medicare beneficiaries with multiple chronic conditions account for 93% of Medicare spending.
- Greater flexibility in allowable supplemental benefits Medicare Advantage plans offer has the potential to improve care and achieve better outcomes for chronically ill beneficiaries.
- Expanding the definition of allowable supplemental benefits enables plans to address social determinants of health to improve well-being, health outcomes, and reduce costs.

Policy Recommendation

Better Medicare Alliance urges Congress to pass legislation or for the Centers for Medicare & Medicaid Services (CMS) to expand the definition of allowable supplemental benefits to a definition that includes all benefits that have a reasonable expectation of improving or maintaining health for chronically ill beneficiaries. This change will help enhance beneficiary care and well-being, improve outcomes, and reduce costs.

Greater flexibility in allowable supplemental benefits will enable Medicare Advantage to better address the needs of beneficiaries with chronic conditions and social determinants of health that impact health outcomes.

Beneficiaries with Chronic Conditions have Specific Needs

America is entering a time of unprecedented growth in the senior population, especially seniors living with chronic conditions. According to the Centers for Medicare & Medicaid Services (CMS), beneficiaries in Traditional Fee-For-Service (FFS) Medicare with multiple chronic conditions account for 93% of Medicare spending. According to the Medicare Payment Advisory Commission (MedPAC), the 15% of Medicare beneficiaries who have 6 or more chronic conditions account for 51% of Medicare spending. As needs increase and health care spending rises, it is important that plans and providers have the tools they need to effectively meet the needs of chronically ill beneficiaries.

Supplemental Benefit Flexibility is Limited

Medicare Advantage plans are incentivized to create efficiencies and are able to use those savings to offer supplemental benefits to beneficiaries. Over 97% of Medicare Advantage plans currently offer supplemental benefits to Medicare Advantage beneficiaries. These benefits include a vision, hearing, or dental benefit, and half of Medicare Advantage plans offer all 3 along with reduced cost-sharing for beneficiaries.

Health plans are limited in the type of supplemental benefits they may offer enrollees. These benefits are narrowly defined as primarily health related services to prevent, cure, or diminish an illness.

As a result, Medicare Advantage are not able to add other supplemental benefits in response to the health care needs of beneficiaries that could improve the health and well-being for these chronically ill patients, such as nutritional support via healthy meals, expanded in-home care, or transportation to medical appointments.

Increase Supplemental Benefit Flexibility to Provide High Value Care

Greater flexibility in allowable supplemental benefits for chronically ill beneficiaries would better enable targeted, innovative services in Medicare Advantage. Opportunity to include a wider range of supplemental benefits to address social determinants of health could help beneficiaries access high value care, avoid costly hospitalizations, and achieve better outcomes.

Policymakers have recognized the importance of widening the definition of allowable supplemental benefits to effectively address beneficiary needs. MedPAC, the Administration, and Congress have expressed support for such flexibility in benefits, particularly for those who are chronically ill.

This broad bipartisan support for policy changes that would allow Medicare Advantage plans to offer a wider variety of supplemental benefits to address patient needs and reduce cost has led to a call for action. The House and Senate have both proposed changing the standard for supplemental benefits from “primarily health related services” to “benefits that have a reasonable expectation of improving or maintaining health for chronically ill beneficiaries.”