



# *Medicare Advantage & Chronic Conditions*

Aging and Disability Business Institute  
Roundtable – September 10, 2019

James Michel  
Director of Policy & Research

**BETTER MEDICARE**  

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ALLIANCE



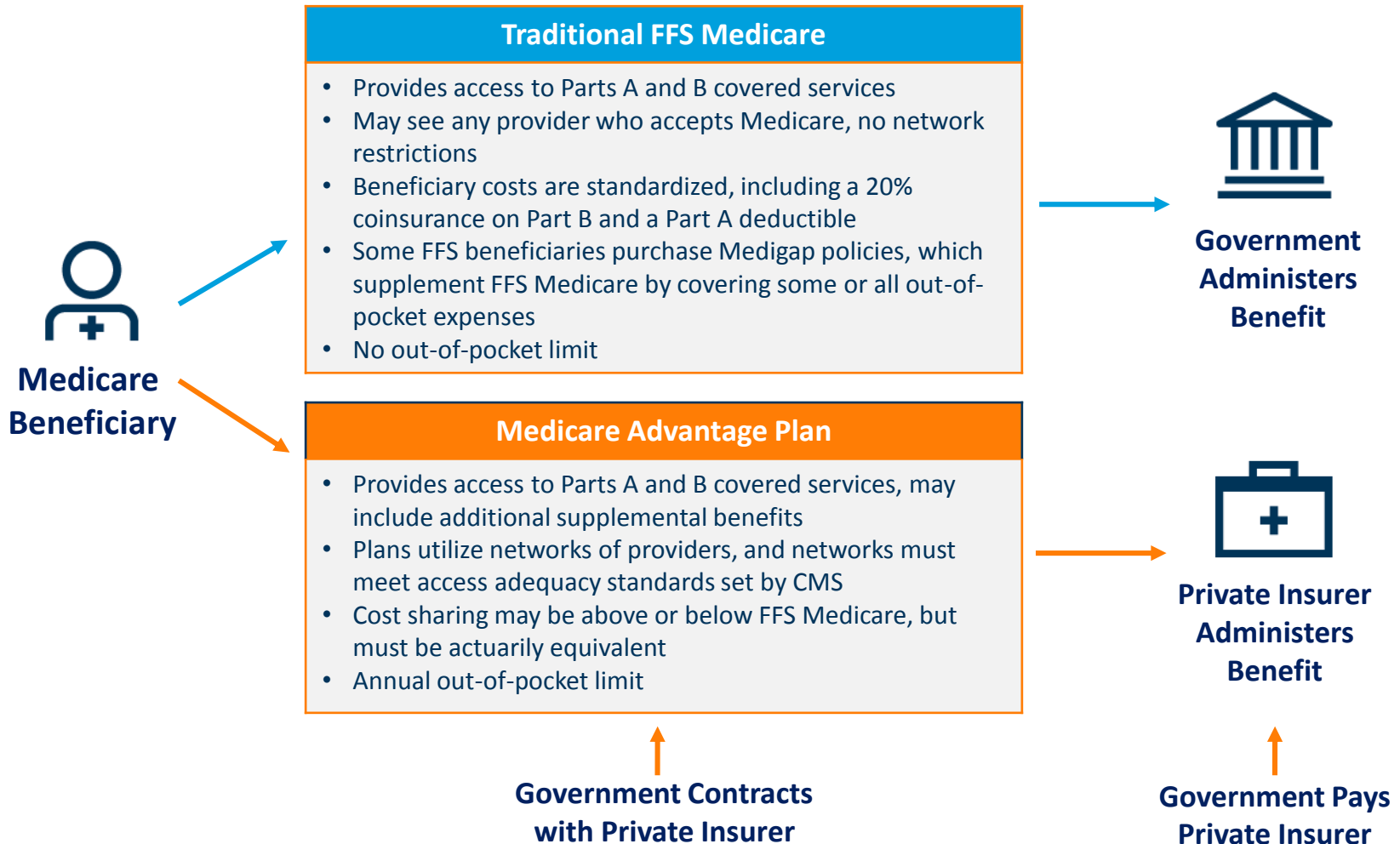
## BETTER MEDICARE ALLIANCE

Better Medicare Alliance is the leading coalition advocating for Medicare Advantage. We are a community of 135 ally organizations and ~400,000 beneficiaries representing a wide range of stakeholders, including health plans, providers, advocates, aging services organizations, researchers and beneficiaries. Together we work to protect Medicare Advantage and create a healthy future.



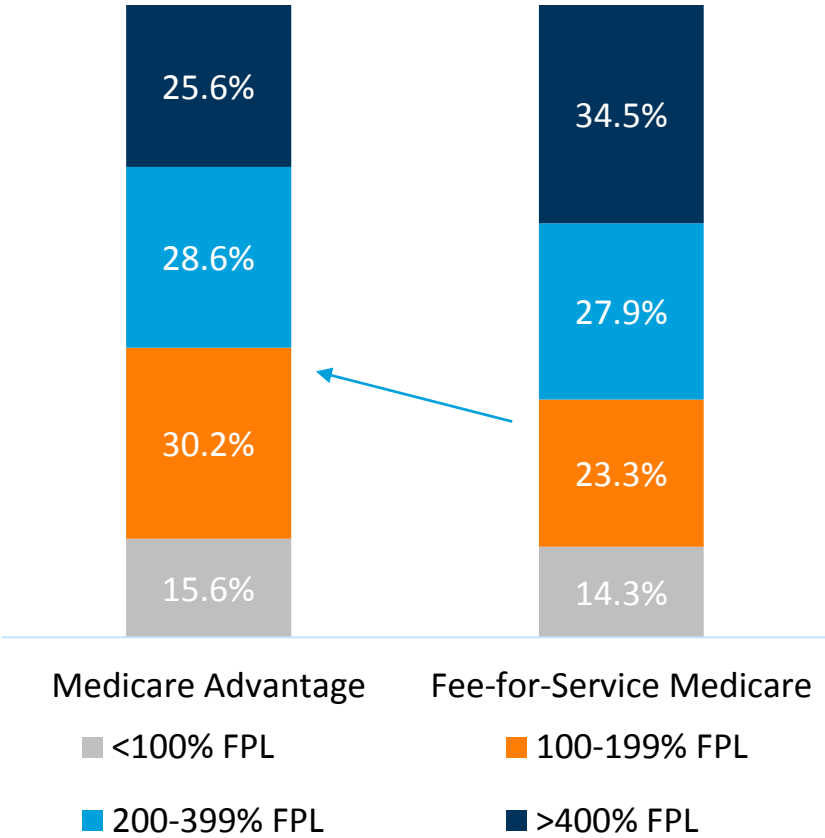
# Overview of Medicare Advantage

*Medicare Advantage is the managed care alternative to fee-for-service (FFS) Medicare.*



# A Higher Proportion of MA Beneficiaries Live Below 200% of FPL

Percentage of Medicare Beneficiaries by Income as a Percent of Federal Poverty Level in 2016



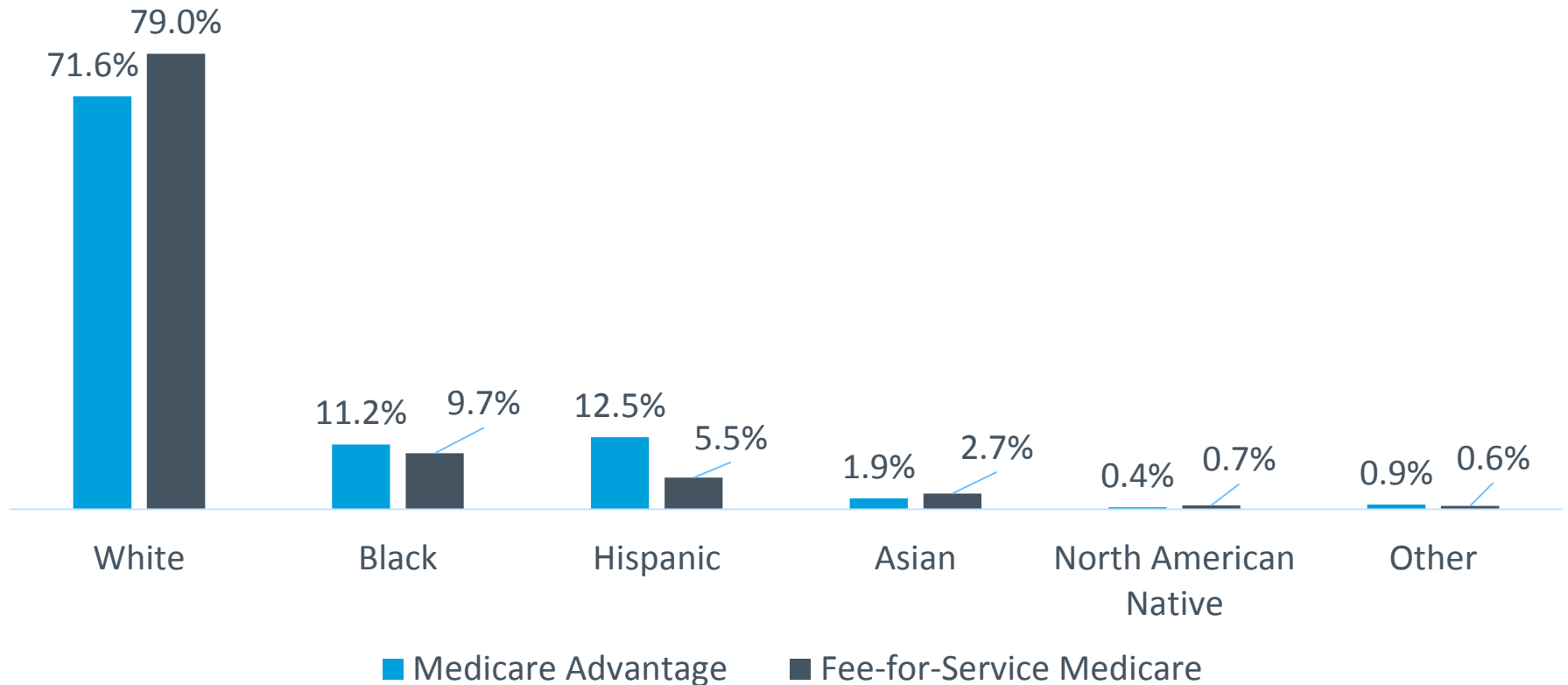
2018 Federal Poverty Levels by Household/Family Size

Household/Family Size	100%	138%	150%	200%	250%	300%	400%
1	\$12,140	16,753	18,210	24,280	30,350	36,420	48,560
2	\$16,460	22,715	24,690	32,920	41,150	49,380	65,840
3	\$20,780	28,676	31,170	41,560	51,950	62,340	83,120
4	\$25,100	34,638	37,650	50,200	62,750	75,300	100,400
5	\$29,420	40,600	44,130	58,840	73,550	88,260	117,680
6	\$33,740	46,561	50,610	67,480	84,350	101,220	134,960

FPL: Federal Poverty Line; MA: Medicare Advantage  
 Note: Data excludes nursing home residents.  
 Source: Anne Tumlinson Innovations analysis of 2016 Medicare Current Beneficiary Survey.

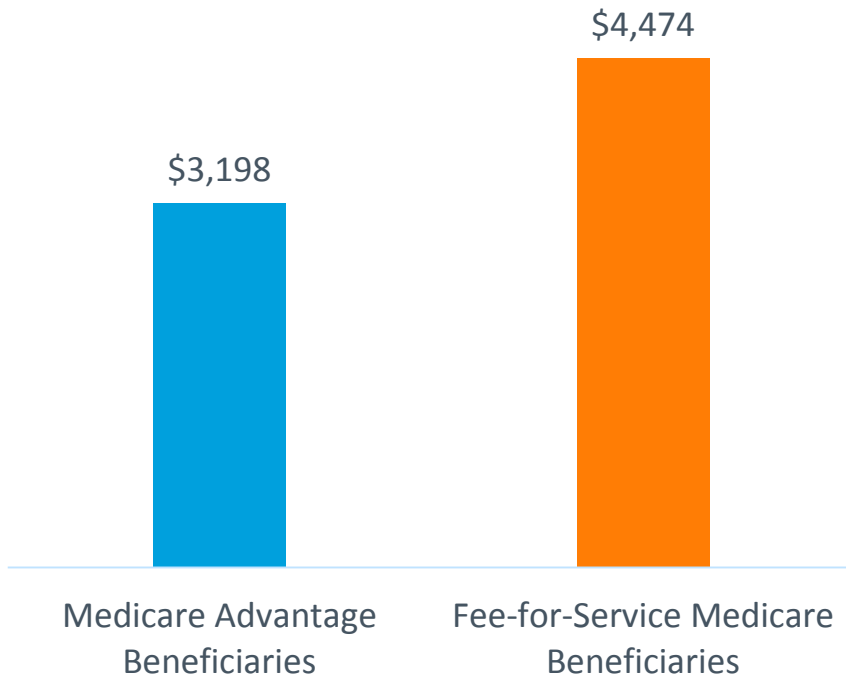
# MA Beneficiaries Are More Likely To Be Black and Hispanic

Distribution of Medicare Beneficiaries by Race/Ethnicity

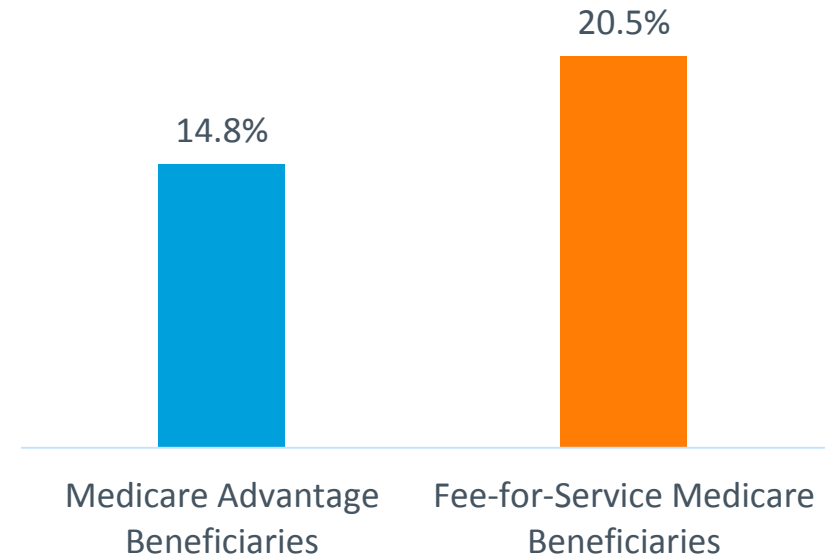


# MA Provides Important Financial Protection to Beneficiaries

Average Total Spending  
(Out-of-Pocket + Premium) in 2016



Percentage of Beneficiaries Who Are Cost-Burdened  
(Spend 20%+ of Income on Out-of-Pocket Costs + Premium) in 2016





# How MA and FFS Compare in Caring for Those with Chronic Conditions

## Comparative Study

Comparative analysis of health outcomes and cost among chronically ill beneficiaries

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## Details

- 1.6 Million MA Beneficiaries
- 1.2 Million FFS Beneficiaries
- One of Three Chronic Conditions
  - Hypertension
  - Hyperlipidemia
  - Diabetes
- Compared relative performance on a range of demographic, cost, utilization and quality metrics

## Key Research Findings

Compared to FFS, MA beneficiaries had:

- **64%** higher likelihood of enrolling in Medicare due to disability
- **15%** higher likelihood of being dual eligible
- **57%** higher rate of serious mental illness
- **16%** higher rate of alcohol / drug / substance abuse

# MA Outperforms FFS in Caring for Beneficiaries with Chronic Conditions

Compared to FFS, Medicare Advantage beneficiaries achieved:

- 23%** Fewer inpatient hospital stays
- 33%** Fewer emergency room visits
- 29%** Lower rate of potentially avoidable hospitalizations
- 13%** Higher rate of LDL testing
- 5%** Higher rate of breast cancer screening

### For Beneficiaries with Diabetes, MA Achieved

- 52%** Lower rate of any complication
- 73%** Lower rate of serious complications
- 6%** Lower average per-beneficiary cost

### For Beneficiaries Dually-Eligible for Medicare and Medicaid, MA Achieved

- 49%** Fewer potentially avoidable hospitalizations
- 17%** Lower average per-beneficiary cost

FFS: Fee-for-Service; LDL: Low-Density Lipoproteins; MA: Medicare Advantage  
Source: Avalere Health Analysis, *Medicare Advantage Achieves Cost-Effective Care and Better outcomes for Beneficiaries with Chronic Conditions Relative to Fee-for-Service Medicare*, July 2018.



# What Are Supplemental Benefits

*Supplemental benefits are items and services that are **not covered by Original Medicare** but may be offered by MA plans. They must meet **3 specific criteria**.*

- Supplemental benefits are defined as those that are:

Not covered by  
Original Medicare

Primarily health-  
related

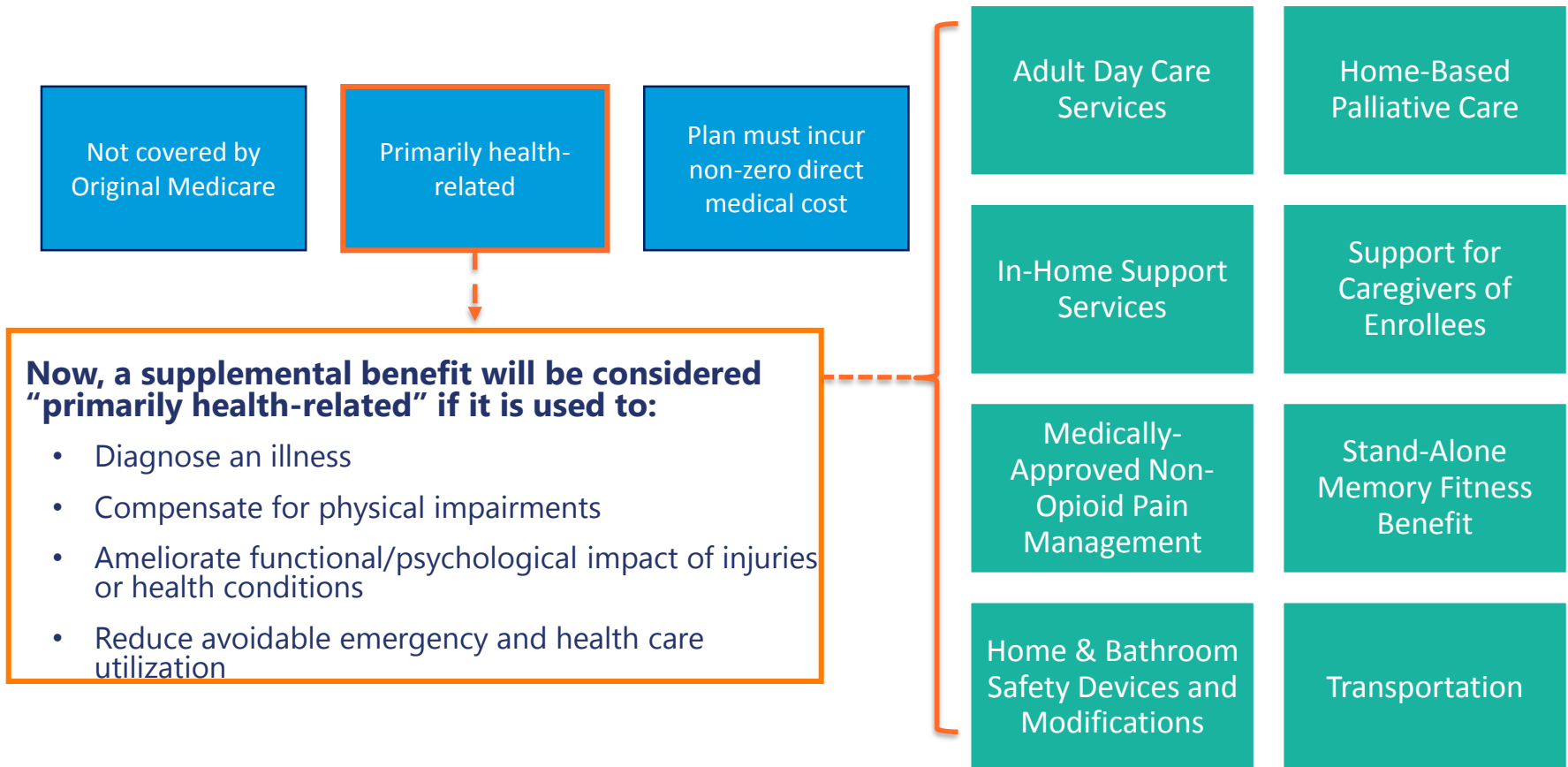
Plan must incur  
non-zero direct  
medical cost

- Common supplemental benefits include:

- Dental coverage
- Hearing coverage
- Vision services
- Social work lines
- Wellness programs
- Fitness benefits

# Expansion of Supplemental Benefits in 2019

*CMS issued new guidance in 2018 explaining its **reinterpretation of the “primarily health-related” standard for supplemental benefits***



# Plans Experimented with New Supplemental Benefits in 2019

## MOST PREVALENT "NEW" SUPPLEMENTAL BENEFITS OFFERED



Social Worker  
Line



Personal Home Care



Support for Caregivers

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## MOST PREVALENT PREVENTIVE SUPPLEMENTAL BENEFITS OFFERED



Remote Access Technologies\*



Fitness Benefit



Health Education

# Policy Changes to Supplemental Benefits

*The second change was made through **new legislation and subsequent CMS guidance.***

## *The Bipartisan Budget Act of 2018*

- Expanded the types of supplemental benefits that may be offered to **chronically ill enrollees**
- New benefits are called Special Supplemental Benefits for the Chronically Ill (SSBCI)
- SSBCI may **not be primarily health-related** and may be offered **non-uniformly** to eligible enrollees
- Chronically ill defined as:
  - Has one or more comorbid and medically complex chronic conditions that is life-threatening or significantly limits overall health or function
  - Has a high risk of hospitalization or other adverse outcomes
  - Requires intensive care coordination

## *CMS Memo – April 24, 2019*

- Clarified that CMS will consider any enrollee with a condition listed in Chapter 16b of the Medicare Managed Care Manual as eligible for SSBCI
- Explained that plans have broad discretion in developing new benefits they believe have a **reasonable expectation** of improving or maintaining health or function
- CMS will approve or deny proposed new items and services and will provide supporting evidence in the case of denial
- Benefits can be in the form of reduced cost sharing or new items/services
- Plans may require the use of specific high-value providers in order to obtain the benefit

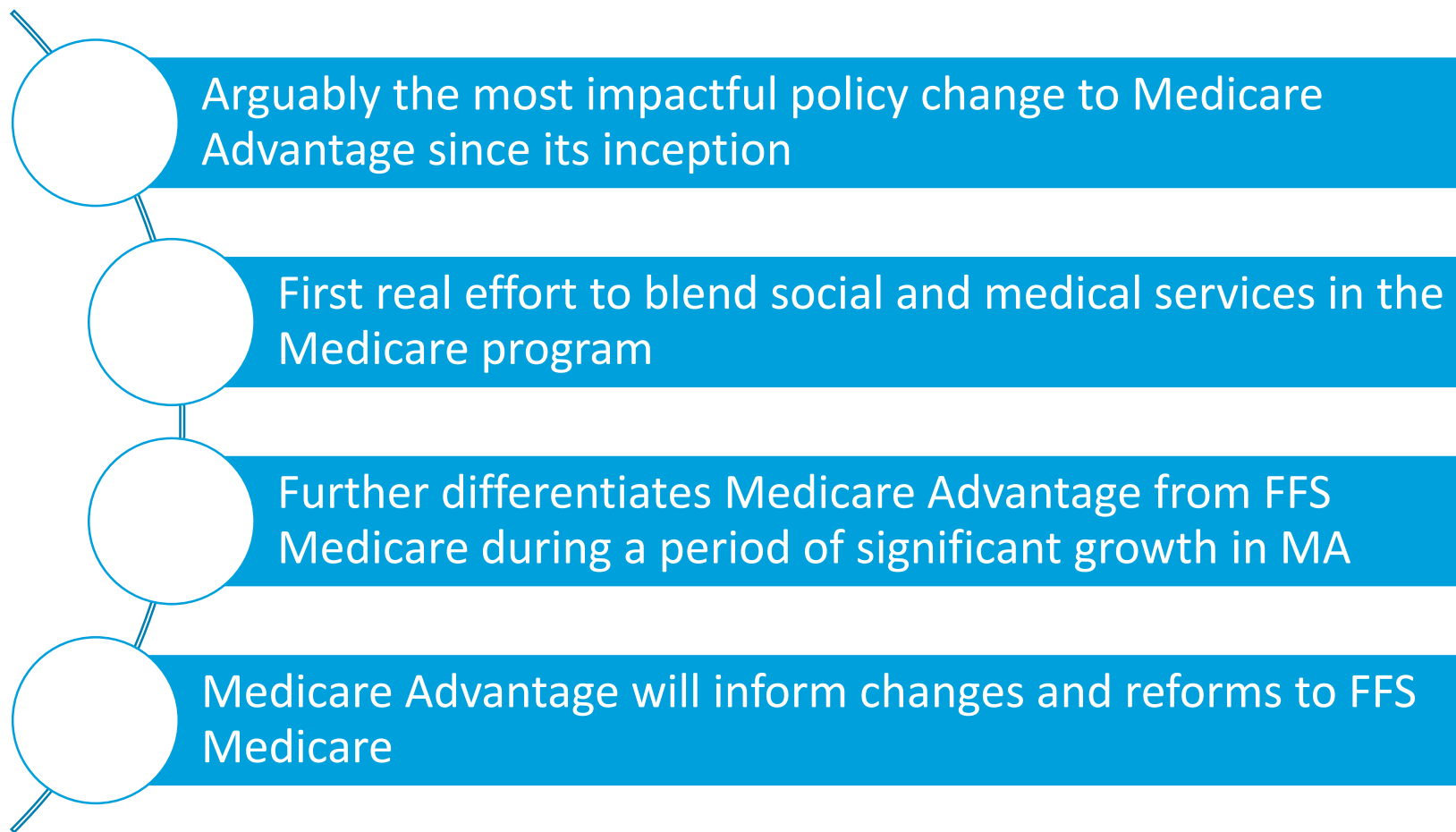
# Policy Changes to Supplemental Benefits

*CMS provided **specific examples** of allowable new benefits.*

## *CMS Memo – April 24, 2019*

- Meals beyond limited basis
- Food and produce
- Non-medical transportation
- Pest control
- Indoor air quality improvement and services
- Social needs benefits
- Complementary therapies alongside traditional medical treatments
- Services supporting self-direction
- Structural home modifications
- General supports for living, such as housing

# Broader Implications for Supplemental Benefit Flexibility



# Some Key Considerations

- No new funding has been provided to plans; they must use the same funds they use today to provide extra benefits
- There is a lot of interest among plans in offering new benefits, but overall uptake in the first 1-2 years is likely to be limited
- New benefits are likely to be hyper-local, reflective of the needs of individual communities, the availability of community-based resources and partners, and the ability of plans on those communities to offer them
- Other uncertainties may impact ability to scale up new benefits in Medicare Advantage, including the health insurance tax and proposals to reform Part D
- It is unknown how much impact these new benefits will have on beneficiary enrollment decisions



**For more information:  
visit [bettermedicarealliance.org](https://bettermedicarealliance.org)**