

Employee Benefit ■ Plan Review

Medicare Advantage Continues to Innovate With Rapid Growth in New Benefits

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Medicare Advantage (MA) is the private plan option in the Medicare program. Enrollment in the program has surged in the past decade and now tops 30 million – nearly half of all Medicare enrollees. Notably, MA is the preferred option for over half of minority Medicare enrollees and for enrollees who are dually eligible for Medicare and Medicaid.

While Medicare Advantage Organizations (MAOs) have long offered enrollees supplemental benefits – such as vision, hearing and limited dental coverage – recent regulatory and legislative actions enable MAOs to offer a wider array of benefits. These new flexibilities have allowed MAOs to offer increasingly rich benefit packages, increasing their ability to recruit enrollees from traditional, fee-for-service Medicare. They have also increased competition among MAOs, who have sought to earn more enrollees, better outcomes and lower costs through the development of innovative and robust benefits packages.

When implemented and used appropriately, innovative supplemental benefits can drive enrollment, improve outcomes and members' experience, and offset costs through improved management of costly chronic conditions. Some of the fastest-growing benefit categories within MA are Special Supplemental Benefits for the Chronically Ill (SSBCI) benefits and flexible benefits, or "flex cards" – a newer mode

of delivering multiple different supplemental benefits.

SSBCI

SSBCI, authorized by the CHRONIC Care Act (through the Bipartisan Budget Act, 2018), are additional benefits that some MAOs offer to beneficiaries with chronic conditions. A unique feature of SSBCI benefits is that they can be non-primarily health-related in nature, meaning they include benefits to help address social and other nonmedical needs that are not typically covered by health insurance plans. Rather, these benefits are designed to help cover the additional costs and services that are often associated with chronic illnesses – or improve or maintain health outcomes of eligible beneficiaries.

SSBCI first became available for plan year 2020. MAOs were hesitant at first to take up SSBCI benefits, with only a handful offering them in the first year. However, SSBCI has grown in popularity every year since, as plans increasingly embrace the opportunity: the number of plans offering SSBCI grew from approximately 260 in 2020 to over 1700 in 2023.

Growth has been especially notable in specific SSBCI benefits (outlined in the table below). For example:

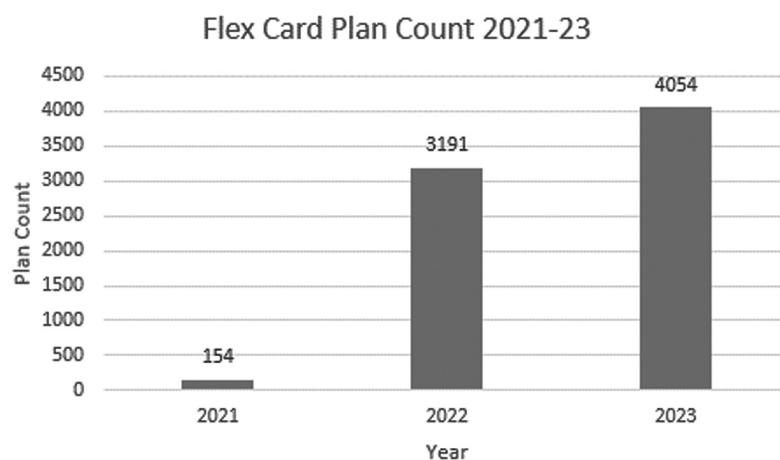
- Food and produce benefits have grown from being offered by 347 plans in 2021 to

SSBCI BENEFIT PLAN COUNT TRENDS 2021-23				
SSBCI Benefit	2021	2022	2023	22-23 % Change
Food and Produce	347	898	1,253	40%
Meals (beyond limited basis)	371	445	464	4%
Pest Control	208	367	418	14%
Transportation for Non-Medical Needs	177	455	660	45%
Indoor Air Quality Equipment and Services	140	166	321	93%
Social Needs Benefit	203	266	449	69%
Complementary Therapies	N/A	123	226	84%
Services Supporting Self-Direction	96	151	232	54%
Structural Home Modifications	42	69	57	-17%
General Supports for Living	150	332	656	98%

Source: Faegre Drinker Biddle & Reath LLP analysis of 2023 plan benefit package (PBP) data. The above data include all plan types excluding employer group waiver plans (EGWPs). Plan counts vary depending on criteria used in analyzing PBP data.

- 1,253 in 2023. This benefit along with meals beyond a limited basis – which has grown from 371 plans in 2021 to 464 in 2023 – pair well with the more traditional/ primarily health-related post-discharge meal benefit, which over 60% of MAOs already offer.
- Transportation for non-medical needs has grown from 177 plans in 2021 to 660 in 2023. Similar to food and produce, transportation for non-medical needs has a primarily health-related supplemental benefit companion of transportation services to medical appointments and other primarily health-related destinations. These benefits pair well together and are expected to grow in the future.
 - General supports for living (which include services like plan-sponsored housing consultations, subsidies for rent or assisted living communities, or funding to help pay for utilities) has grown from 150 plans in 2021 to 656 in 2023.

FLEX CARD BENEFIT PLAN COUNT 2021-23



Source: Faegre Drinker Biddle & Reath LLP analysis of 2023 PBP data. The above data include all plan types excluding EGWPs. Plan counts vary depending on criteria.

FLEX CARDS

Unlike SSBCI benefits, flex benefits (or flex cards) are not defined as a specific benefit or authority within CMS regulation or sub-regulatory guidance. Rather, they are a relatively new mode of paying

for and delivering SSBCI and other supplemental benefits. Through a flex card, plans provide a combined maximum plan benefit coverage amount for multiple eligible supplemental benefits or products available to MAO beneficiaries. For example, plans could provide a flex card¹ or

allowance² worth \$200 a month which could be used for over-the-counter products, food and groceries or a combination thereof. Other flex benefits could incorporate a monthly allowance of “credits” that can be redeemed³ for specific services – such as pest control, home modifications or personal care services – chosen by the member.

The business case for flex cards is evident: they are extremely appealing to beneficiaries, allowing them to choose their own benefits that meet their needs and preferences. From the plan perspective, flex cards are an easy benefit to market and may attract a new cohort of members who have recently aged into Medicare and are more comfortable with consumer-driven health plans.

Given this appeal, dramatic growth in flex benefits is unsurprising: from 2021 to 2023, the number of plans offering these benefits grew from 154 to 4,054.

As noted above, flex benefits can include a variety of different benefits.

Most include dental, vision and hearing benefits, with a growing share of plans now including healthy meals/food and produce benefits similar to those described above.

Importantly, flex cards can be a valuable complement to care management programs where care managers and providers can recommend certain purchases through the flex cards. Flex cards can also be incorporated in Rewards and Incentives programs that provide additional benefits for healthy behaviors: for example, a Medicare Annual Wellness visit might merit a \$50 grocery card.

However, flex benefits do not come without risks to health plans. They are still relatively new to the MA landscape, and they come with operational complexities. They require proper integration with covered services and other features to avoid raising program integrity concerns. It is important that health plans also partner with

high-quality vendors to ensure the user-friendliness of the system, as denied card payments or manual reimbursement may lead to more confusion and dissatisfaction among beneficiaries. 🌐

NOTES

1. <https://www.forbes.com/health/medicare/anthem-medicare-advantage/>.
2. <https://www.cvshealth.com/news/medicare/aetna-2023-medicare-plans-put-money-back-in-members-pockets.html>.
3. <https://www.prnewswire.com/news-releases/wellcare-offers-innovative-special-supplemental-benefits-for-the-chronically-ill-ssbci-during-medicare-annual-enrollment-period-301417596.html>.

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