

Standardizing benefits in Medicare Advantage plans: Non-Medicare supplemental benefits

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Some key points from our September discussion

- Rapid growth in number of MA plans
- Researchers have found that people have more trouble comparing plans when they have a lot of choices
- Requiring plans to have standardized benefits could make it easier for beneficiaries to compare plans
- We use “standardized benefits” to refer to both covered services and enrollee cost sharing

Supplemental benefits play an important role in the competition among MA plans

- Plans can use MA rebates and enrollee premiums to provide non-Medicare supplemental benefits
- Plans use these benefits to attract enrollment from FFS Medicare and from competing plans
- Plans have been using a growing share of their rebates to provide supplemental benefits

Plans have been given more flexibility in providing supplemental benefits

- Benefits traditionally had to be (1) primarily health related and (2) offered uniformly to all enrollees
- Plans can now:
 - Provide services that address functional impairments under broader definition of “primarily health related”
 - Provide non-health related benefits as special supplemental benefits for the chronically ill (SSBCI)
 - Target benefits to enrollees based on disease state or socioeconomic status

We know very little about utilization and spending for supplemental benefits

- MA plans are not required to submit encounter data for supplemental benefits
- We do not know how many MA enrollees use each benefit or whether use varies by age, sex, race, or other factors
- Starting in 2023, plans will provide some information about their spending on supplemental benefits when they report their medical loss ratios

Coverage of most supplemental benefits grew between 2018 and 2022

- Dental, fitness, hearing, and vision benefits are among the most common benefits
- Some benefits have seen large increases in coverage
 - Regular plans: meals, OTC benefits, comprehensive dental
 - SNPs: meals, fitness benefits
- Coverage of newer benefits like SSBCI has been growing but is still somewhat limited

Comparing the supplemental benefits offered by different plans can be difficult

- Plans have broad flexibility to design their own benefits
 - Decide which items and services to cover
 - Can put limits on per-enrollee spending
 - Can charge cost sharing
- Dental, hearing, and vision benefits help illustrate how coverage can vary across plans

Plans decide which items and services to cover as supplemental benefits

- Dental, hearing, and vision benefits encompass a range of distinct services
 - Plans that provide dental (or hearing or vision) benefits may not cover the same underlying services
 - Only 35 percent of regular plans and 53 percent of SNPs cover at least some services in all 11 dental categories
- Determining exactly what services a plan covers can be challenging

Plans can put limits on per-enrollee spending for supplemental benefits

- Spending limits are commonly used for dental, hearing, and vision benefits
- Median annual limits for regular MA plans (2022):
 - Dental \$1,000 per year
 - Hearing \$1,500 per year
 - Vision \$200 per year
- SNPs typically have higher limits than regular plans

Note: Figures are preliminary and subject to change. Median amount for dental benefits is based on plans that have a single limit that applies to all dental services; median amount for hearing benefits is based on plans that have a limit that applies to total spending on hearing aids for both ears; median amount for vision benefits is based on plans that have a limit that applies to eyewear only.

Plans can charge cost sharing for supplemental benefits

- Regular plans are more likely to charge cost sharing for more expensive dental and hearing benefits
 - Coinsurance for non-routine dental services
 - Copayments for hearing aids
- Cost sharing for vision benefits is rare
- SNPs typically do not charge cost sharing

Plans that receive higher rebates have more generous dental, hearing, and vision benefits

Plan rebate (PM/PM)	\$0 – \$50	\$50 – \$100	\$100 – \$150	\$150 – \$200	\$200 – \$250	Over \$250
Share of plans covering:						
Comprehensive dental	49%	61%	78%	87%	87%	95%
Hearing aids	85	90	89	90	97	99
Eyeglasses	73	83	92	97	99	99
Average spending limit:						
Comprehensive dental	\$1,031	\$1,128	\$1,372	\$1,520	\$1,672	\$1,771
Hearing aids	945	1,221	1,448	1,468	1,562	1,482
Eyeglasses	167	167	172	200	221	277

Note: PM/PM (per member per month). Figures are preliminary and subject to change. Figures are based on 2022 plan benefit data and do not include employer-sponsored plans or special needs plans. Figures are based on plans that provide the benefit as a mandatory supplemental benefit.

Considerations for standardizing supplemental benefits

- Policymakers would need to account for differences in both covered services and enrollee cost sharing
- Competing goals of giving plans flexibility vs. making it easier for beneficiaries to compare plans
- Standardization could make supplemental benefits more transparent and help ensure that plans provide sufficient value to enrollees and taxpayers

Standardization could focus on a limited number of common supplemental benefits

- Requirements for standardization would apply only to plans that choose to offer those benefits
- No changes to other supplemental benefits
- Dental, hearing, and vision benefits could be potential candidates for standardization

Dental, hearing, and vision benefits could be standardized in several ways

- Plans could cover the same services and use the same coverage limits
- Plans could use the same type of cost sharing and spending limit for each benefit
- One way to achieve a high level of standardization would be to give plans a limited number of options for providing each benefit

Illustrative options for MA dental benefits

	Annual benefit limit	Deductible	Beneficiary coinsurance		
			Class A: Preventive services	Class B: Intermediate services	Class C: Major services
Options for regular MA plans:					
Standard	\$1,500	\$0	0%	30%	50%
High	No limit	0	0	20	35
Options for SNPs:					
Standard	\$2,500	0	0	0	0
High	No limit	0	0	0	0

Proposed overall approach for standardizing MA benefits

- Part A and B services: Plans use a limited number of benefit packages with specific out-of-pocket limits and cost-sharing amounts for major services
- Selected supplemental benefits: Plans choosing to offer these benefits would have to meet requirements related to covered services, cost sharing, and plan spending limits
- Other supplemental benefits: No changes to current rules

Discussion

- Views on standardizing MA supplemental benefits
 - Which benefits (if any) should be standardized?
 - In what ways should those benefits be standardized?
- Views on proposed overall approach for standardizing MA benefits
- This material will be included in our June 2023 report
- What kinds of additional information would be helpful for future work?