MILLIMAN BRIEF

How might COVID-19 impact 2021 supplemental benefits?

John Rogers, ASA, MAAA, MS
Annie Man, FSA, MAAA, PhD
Kyle Hutmaker, FSA, MAAA

Milliman

COVID-19 has rapidly transformed healthcare. Members and providers are rethinking the risks of routine visits. Many providers have seen surges in telemedicine.[1] Some are requiring temperature checks prior to delivering care.[2] Recent social distancing measures may continue over a period of months.

Medicare Advantage (MA) plans must cover all benefits offered by original Medicare. MA plans may offer extra benefits such as dental and vision, called "supplemental" benefits. Supplemental benefits are tailored to improve the health of existing members, appeal to prospective members, or provide the benefit of group purchasing power. With the widespread nature of COVID-19, social distancing measures have become a daily practice that affects most Americans right now and have the potential to affect seniors for a longer duration. Some supplemental benefits, for example a fitness benefit, which are intended to keep seniors active, may not achieve their intended goals when gyms are closed or discouraged for high-risk individuals.

This brief examines how MA plans might think about offering supplemental benefits for 2021. While no one knows what will happen with COVID-19 in 2021 (let alone the remainder of 2020), in the absence of a vaccine or other curative treatment, MA plans may be advised to consider possible impacts of the disease well into the future. This is especially relevant for supplemental benefits, some of which may become less valuable to members in the age of COVID-19 and some of which may become competitive advantages for plans that offer them.

The table in Figure 1 summarizes the potential impact on selected supplemental benefits. The remainder of this brief includes additional considerations for each benefit.

An MA plan's strategy for supplemental benefits must fit into its broader strategic framework for 2021 bids, including considerations such as county benchmarks, plan-specific trends, network adjustments, star ratings, and risk adjustment.

Discussion

VISION AND DENTAL

Offered by more than three-quarters of MA plans, supplemental benefits such as vision and dental appeal strongly to prospective members. MA plans are well-positioned to provide members with the benefit of group purchasing power for these services. Additionally, these benefits may help reduce certain medical expenses. For example, some evidence shows that dental health reduces cardiovascular risks.[3] Similarly, vision impairment may lead to increased fall risk,[4] suggesting that vision coverage may reduce injuries from falls.

Health plans should consider how current and prospective members have altered their perceptions and use of these benefits since COVID-19. It is now clear—at least in the short term—that utilization of these services has declined due to social distancing measures. For example, as of the date of this brief, many states are allowing only "emergency dental" services and are not allowing routine dental services. We categorize dental and vision benefits under "potential to remove" because of the restrictions on these visits under social distancing. However, because they are currently popular benefits, and because people will ultimately need routine dental and vision care, MA plans may consider keeping these benefits using different pricing strategies. Given the uncertainty about the duration of the social distancing measures, plans should, at a minimum, consider how these benefits are funded. While capitation may limit plan liability in typical years, the fee-for-service (FFS) model could be considered as it scales with the utilization of benefits, which may be uncertain. However, if the reimbursement model changes from capitation to FFS and pent-up demand increases services, costs may be higher under the FFS model than capitation.

[1] Cohen, J.K. (March 6, 2020). New telemedicine strategies help hospitals address COVID-19. Modern Healthcare. Retrieved April 9, 2020, from https://www.modernhealthcare.com/patients/new-telemedicine-strategies-help-hospitals-address-covid-19.

[2] Collins, S. (March 25, 2020). Some hospitals screening everyone for COVID-19 symptoms. Lewiston Sun Journal. Retrieved April 9, 2020, from https://www.sunjournal.com/2020/03/24/some-hospitals-begin-screening-everyone-for-covid-19-symptoms/.

[3] Cleveland Clinic. Oral Health and Risk for CV Disease. Retrieved April 9, 2020, from https://my.clevelandclinic.org/health/articles/11264-oral-health--risk-for-cv-disease.

[4] Centers for Disease Control and Prevention. Vision Impairment and Older Adult Falls. Retrieved April 9, 2020, from https://www.cdc.gov/visionhealth/resources/features/vision-loss-falls.html.

Here we assume that the coronavirus will reemerge during 2021—in the absence of a vaccine—similar to the progress of the 1918 Spanish flu. How would COVID-19 impact members as well as providers and vendors responsible for the supplemental benefit? How would this affect pricing of the benefit?

FIGURE 1: COMMON MEDICARE ADVANTAGE SUPPLEMENTAL BENEFITS

Supplemental Benefit		Before COVID-19		After COVID-19	
		Percentage of Plans Offering*	Illustrative Benefit Cost PMPM†	COVID-19 Impact in 2020 and During a 2021 Infection Wave	COVID-19 Pricing Considerations Assuming a 2021 Infection Wave
Remove, Reconsider, or Reprice	Vision	83%	$1.00 to $5.00+	Optometrists, audiologists, and dentists may temporarily cease routine care based on their professional judgment. Gyms may close voluntarily or under state or local orders. Health authorities may recommend isolation for "at risk" groups, even after services reopen for the public. Health plans may want to avoid encouraging activities outside the home, which could increase COVID-19 transmission risks and run afoul of shelter-in-place mandates.	These benefits may be contracted and priced under a capitated arrangement or based on services rendered (fee-for-service or FFS). Plans may want to reevaluate contracts that are on a capitated basis, and may consider projecting lower utilization rates for contracts that are on a FFS basis.
	Dental	74%	$1.00 to $10.00+		
	Hearing	77%	Less than $1.00		
	Fitness/Gym	76%	$1.00 to $5.00		
Add, Adjust, or Increase	OTC Benefit	56%	$1.00 to $10.00+	Social distancing and shelter-in-place mandates may change beneficiary access to these services. Plans may consider adjusting these benefits to "online-only."	MA plans with an in-person benefit may see a reduction in utilization. Online benefits may see an increase in utilization.
	Health Education	25%	Less than $1.00		Online classes would have a lower cost per class than in-person classes but could scale to larger groups than in-person classes.
	Counseling Services	17%**	Less than $2.00	Potential increase in demand for grief or adjustment counseling.	Financing this benefit on a FFS basis carries the risk that utilization will increase.
	Nutritional/ Dietary Benefit	14%	Less than $1.00	Meal or grocery benefit can help members during periods of quarantine or to reduce transmission risks from in-person shopping.	Health plans may consider setting internal limits on this benefit to address potential overuse.
	Personal Emergency Response System	9%	Less than $1.00	A personal emergency response system (PERS) can offer reassurance during a period of increased isolation and restricted visits.	Given the FFS risk of increased utilization for these benefits, consider capitated pricing arrangements or discount programs.
	Telemonitoring Services	5%	Less than $1.00	Introduce monitoring of blood oxygen levels or other vital statistics for members at risk for COVID-19.††	
Leave Alone and/or Reprice	Transportation	32%	$1.00 to $5.00+	A nonemergency medical transportation benefit may be preferable to public transportation to appointments. However, providers may reduce routine visits, resulting in lower utilization.	Utilization may increase, decrease, or stay the same, depending on the intensity of a 2021 wave, the demand for such services, and plan operations that may address member concerns about the risks associated with these services.
	Bathroom Safety Devices	6%	Less than $1.00	Seniors may not wish to have installation experts in their homes, which may shift the demand of services to later years.	

* Based on "Overview of Medicare Advantage Supplemental Healthcare Benefits and Review of Contract Year 2020 Offerings." See https://us.milliman.com/en/insight/review-of-contract-year-2020-medicare-advantage-supplemental-healthcare-benefit-offerings. Excludes special needs plans (SNPs) and employer group waiver plans (EGWPs).

** Based on "Supplemental Benefits under Medicare Advantage– Part 1: An In-Depth Look at What They Are Today," AARP, Prevalence of Medicare Advantage Supplemental Benefits, 2017.

† Illustrative cost is included for reference purposes only and should not be used for any other purpose. For vision, dental, hearing, and transportation benefits, these ranges are based on the 25th to 75th percentiles of the 2015 MA bids base period experience for MA plans, including health maintenance organization (HMO), preferred provider organization (PPO), and private fee-for-service (PFFS) plans. Other benefits are estimated based on recent experience. Many plans will fall outside these ranges.

†† See "Luminati Participates In COVID-19 Task Force Launched To Prevent Virus Spread," Business Wire. Available at https://www.businesswire.com/news/home/20200330005609/en/.

HEARING

Hearing benefits typically cover routine hearing exams and hearing aids. Members may perceive this benefit as providing a high-value service. Additionally, MA plans may benefit as older adults with hearing loss may be at a greater risk for dementia and other cognitive health issues.[5] Hearing benefits are often low-cost to the MA plan when the benefit provides discounts on hearing aids rather than actually paying for them. It may be challenging for seniors to make use of this benefit because conducting hearing exams and fitting hearing aids may be difficult when social distancing is encouraged.

FITNESS/GYM

A fitness or gym benefit has long been considered an obvious choice for MA plans because it attracts healthier prospective members and presumably keeps current members healthier if they use it. However, it may present a COVID-19 transmission risk even after the peak wave of the pandemic subsides. Although it is too soon to know whether social distancing measures might reemerge in 2021, a fitness benefit may no longer be as appealing to seniors as before.

OTC BENEFIT

Over-the-counter (OTC) benefits are highly utilized and quite popular because Part D does not typically cover most OTC products. OTC benefits may not enjoy group purchasing discounts or economies of scale to the same extent as other benefits. This, combined with the benefit's high cost, may account for the lower prevalence of this benefit compared to vision and dental.

During the COVID-19 national emergency, we anticipate the appeal of this benefit will increase as members may purchase OTC remedies or vitamins that boost the immune system. MA plans may consider teaming up with pharmacies to dispense OTC products through mail order to reduce transmission risk for seniors.

HEALTH EDUCATION AND COUNSELING SERVICES

Health education and counseling benefits are popular for members with chronic conditions, particularly diabetes. These benefits help members manage their current conditions and help prevent the progression of diseases.

Under COVID-19, health education benefits and counseling benefits present a unique opportunity to be provided in online formats, reaching a broad audience while addressing member issues in a group or individual setting via teleconference. More than half of people age 65+ now own smartphones,[6] and there is a wide range of video applications supporting video visits.

Most MA plans do not currently offer counseling benefits but may consider offering these benefits after COVID-19. Seniors may have heightened levels of anxiety and distress, resulting in possible mental health issues and deterioration of health status. Through counseling services, MA plans can monitor the emotional condition of members, provide early interventions, potentially reduce the progression to behavioral health issues, and improve the member experience.

OTHER BENEFITS THAT HELP SENIORS STAY HOME: NUTRITIONAL/DIETARY BENEFIT, PERS, AND TELEMONITORING SERVICES

A range of benefits support members at home, especially members with chronic disease or recovering from a hospital stay. It is now clear—at least in the short term—that seniors are advised to stay home, if possible. Benefits that support members at home may be increasingly attractive.

COVID-19 may increase overall hospital discharges, increasing members' need for a post-discharge meal benefit. In addition, MA plans may consider expanding their meal benefits to situations other than post-discharge. Members may value a meal benefit during periods of quarantine or to reduce transmission risks from in-store grocery shopping.

Members may value a personal emergency response system (PERS) or remote monitoring during a period of increased isolation and restricted visits.

TRANSPORTATION BENEFITS

Transportation is a moderate-cost to high-cost benefit that requires careful consideration both before and after COVID-19. Transportation to medical appointments may improve several Centers for Medicare and Medicaid Services (CMS) star ratings measures as well as ensure appropriate risk adjustment due to accurate diagnosis code capture. After COVID-19, members may use more trips if they are avoiding public transportation. MA plans may focus on improving the safety of the transportation provider by implementing protocols on drivers such as questionnaires and body temperature checks. Regular cleaning and disinfection of vehicles becomes a priority.

Finally, for members, this benefit may be increasingly important after a period when routine services have been forgone.

BATHROOM SAFETY DEVICES

These installations or other fall-prevention modifications are intended to reduce the frequency of emergency department visits for falls and may also reduce hospital-acquired infection risks. However, this benefit requires careful consideration

[5] National Institute on Aging. Hearing Loss: A Common Problem for Older Adults. Retrieved April 9, 2020, from https://www.nia.nih.gov/health/hearing-loss-common-problem-older-adults.

[6] Pew Research Center (June 12, 2019). Mobile Fact Sheet. Retrieved April 9, 2020, from https://www.pewresearch.org/internet/fact-sheet/mobile/.

under COVID-19. Such modifications to the home may be more important during times of less frequent home visits or caretaker services, but seniors may not want installation experts to enter their homes during an attempt to reduce COVID-19 transmission risks. MA plans may consider revising installation protocols to reduce these risks.

Other considerations

As discussed in this paper, it can be difficult for MA plans to evaluate which supplemental benefits provide the most value to their members while reducing risks associated with COVID-19. We anticipate plan sponsors will evaluate their supplemental benefits in the context of overall strategies, emerging COVID-19 trends, reinsurance, and geographic differences.

MA plans require sufficient membership to cover administrative expenses and supplemental benefits affect growth and retention. Any consideration for changes should keep the total impact to projected enrollment in mind.

TELEHEALTH SERVICES

While telehealth services are currently a popular supplemental benefit and covered by some MA plans, CMS has recently relaxed a number of restrictions on telehealth during the COVID-19 national emergency.[7] MA plans may consider broader changes in reimbursement and coverage of telehealth benefits when designing supplemental benefits.

COVID-19 TRENDS AND AVAILABILITY OF REINSURANCE

The COVID-19 pandemic is likely to have significant impacts on healthcare costs. Projecting the cost impacts is extremely challenging due to many uncertainties, and therefore reinsurance protection may be increasingly important for MA plans. In particular, the availability or perceived availability of private or public reinsurance, including quota-share or risk-corridor programs, may affect the risk appetite of plan sponsors to reduce, maintain, or enhance supplemental benefits.

GEOGRAPHIC VARIATIONS

Plan sponsors operate across every state and county in the United States. The reactions by state and local governments to date vary significantly across the country. Research indicates local interventions may have an impact on “flattening” the curve.[8] MA plans should consider local efforts and regional norms, as well as urban or rural differences when designing their supplemental benefits.

Caveats

Due to the emerging nature of COVID-19, any analysis is subject to substantial uncertainty. We recognize the possibility that COVID-19 may resolve within a period of months or reemerge in a subsequent wave of infection. Because the variance of potential outcomes is significant, users of this brief should exercise caution when evaluating their supplemental benefits in the context of COVID-19.

The analysis provided in this brief is based on MA bid details and benefit information made available by CMS. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

The authors of this brief are members of the American Academy of Actuaries and meet its qualification standards to provide this analysis.

[7] CMS (March 17, 2020). Medicare Telehealth Frequently Asked Questions (FAQs). Retrieved April 9, 2020, from https://edit.cms.gov/files/document/medicare-telehealth-frequently-asked-questions-faqs-31720.pdf.

[8] Ott, M. et al. (2007). Lessons Learned from the 1918–1919 Influenza Pandemic in Minneapolis and St. Paul, Minnesota. Retrieved April 9, 2020, from https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1997248/.

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CONTACT

John Rogers
john.rogers@milliman.com

Annie Man
annie.man@milliman.com

Kyle Hutmaker
kyle.hutmaker@milliman.com