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Medicare Advantage Uniformity Flexibility benefit offerings

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Summary

For plans offered in 2019, Medicare Advantage organizations (MAOs) were allowed to provide access to particular benefits for members with certain disease states under what is known as the Uniformity Flexibility (UF) benefit option. We reviewed the available information published by the Centers for Medicare and Medicaid Services (CMS) on UF benefit options and key findings from our analysis include:

- About 3% of Medicare Advantage plans took advantage of the increased flexibility and offered benefits under the UF option in contract year (CY) 2019, and most of the plans offering UF are general enrollment plans.
- Of the plans that offered UF, about 27% offered both reduced cost sharing and additional benefits, approximately 44% offered additional benefits only, and the remainder offered reduced cost sharing only.
- The condition most commonly targeted was diabetes. However, a number of other conditions were also targeted, including congestive heart failure, opioid use disorder, and chronic pain syndrome.
- The most common benefits offered for those with diabetes were professional services, in particular eye exams, and additional benefits such as meals and remote access technologies.

Background

Under the Medicare Advantage (MA) program, private health insurance companies can offer plan benefit packages (PBPs) that offer benefits not covered under traditional Medicare, such as dental, vision, and over-the-counter (OTC) drug cards, in addition to traditional Medicare benefits. MAOs can also choose to enhance their plan designs by reducing the cost sharing on Medicare-covered services. Under the regulations in place before CY 2019, these enhanced benefits (reduced cost sharing and/or additional benefits) were required to be offered uniformly across the entire population and could not be different for any specific member or disease state within a PBP.

In the CY 2019 Call Letter issued by CMS on April 2, 2018, CMS announced it was reinterpreting the uniformity requirement in the MA Regulations §422.100(d). CMS intended this reinterpretation to provide MAOs "the ability to reduce cost sharing for certain covered benefits, offer specific tailored supplemental benefits, and offer lower deductibles for enrollees that meet specific medical criteria, provided that similarly situated enrollees (that is, all enrollees who meet the identified criteria) are treated the same and enjoy the same access to these targeted benefits."[1] CMS is clear that the UF option benefit design is separate from the value-based insurance design (VBID) model, which includes some of the same elements as UF, but is subject to an application process and other limitations. Unlike VBID, UF is specific to Part C benefits, whereas VBID can apply reduced cost sharing and/or create interventions specific to Part D.

The cost-sharing reductions or additional benefits that can be offered "must be for specific benefits or services related to a specific health status or disease state."[2] Also, CMS has stated that it will review UF submissions to ensure an MAO is not discriminating by targeting a large number of low-cost conditions (that is, favoring healthier populations rather than higher-cost, sicker populations). MAOs were allowed to build these types of benefits into their CY 2019 bids, which were submitted to CMS on June 4, 2018. As noted above, the benefit enhancements can be two different types:

- Reduced cost sharing ("elimination or reduction of copays, coinsurance, deductibles, or exemption of a given service from the plan or service category deductible"[3])
- Additional supplemental benefits

In this paper, we review the UF benefits offered during the CY 2019 plan year to provide insight into the market dynamics around this new benefit design option.

Results

OVERALL MARKET INFORMATION

Only 3% of all plans offered a UF benefit option in 2019, which may be due to the late announcement of the option of adding this benefit in the bid development process. Nineteen total MAOs offered a plan with a UF benefit in CY 2019. None of the eight largest MAOs (United HealthCare, Humana, Aetna, Kaiser, Anthem, WellCare, CIGNA, or Centene) utilized this option for benefit flexibility in CY 2019. There was no geographic trend to where UF benefits were offered.

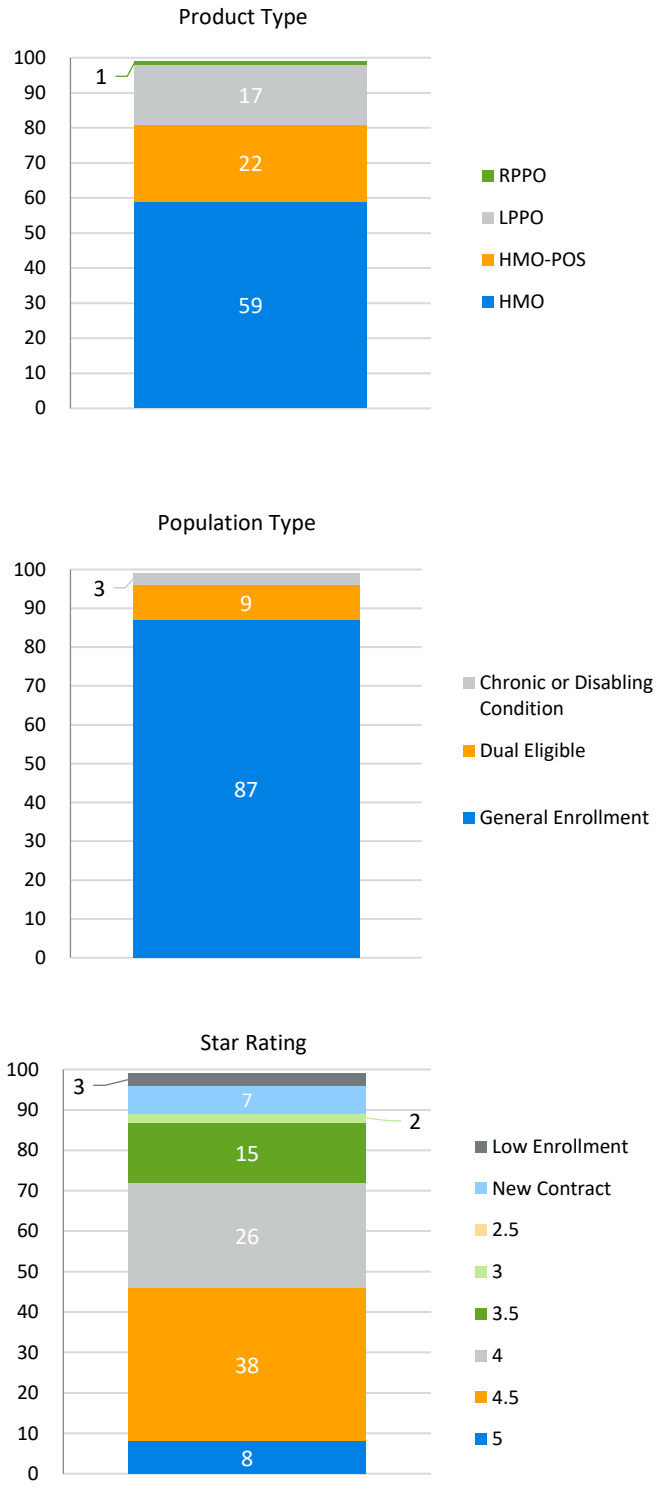
[1] CMS (April 2, 2018). Announcement of Calendar Year (CY) Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter. Retrieved March 19, 2019, from https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2019.pdf.

[2] CMS (April 27, 2018). Memorandum from Kathryn A. Coleman, Director: Reinterpretation of the Uniformity Requirement.

[3] CMS, Reinterpretation of the Uniformity Requirement, ibid.

Figure 1 breaks down the market demographics for plans in Medicare Advantage offering the UF option in CY 2019.

FIGURE 1: MARKET DEMOGRAPHICS, MA PLANS OFFERING UF OPTION, CY 2019



Nearly 82% of plans offering UF benefits are health maintenance organization (HMOs) or HMOs with a Point of Service Option (HMO-POS), and slightly under 90% of plans offering UF are considered general Enrollment. Of the plans that include UF, 73% have star ratings of 4.0 or greater.

UNIFORMITY FLEXIBILITY OFFERINGS

Figure 2 outlines at a high level the type of benefit that was offered in 2019.

FIGURE 2: UNIFORMITY FLEXIBILITY OFFERINGS

	NUMBER OF PLANS	% OF TOTAL
Reduced Cost Sharing	28	28.3%
Additional Benefits	44	44.4%
Both Reduced Cost Sharing and Additional Benefits	27	27.3%

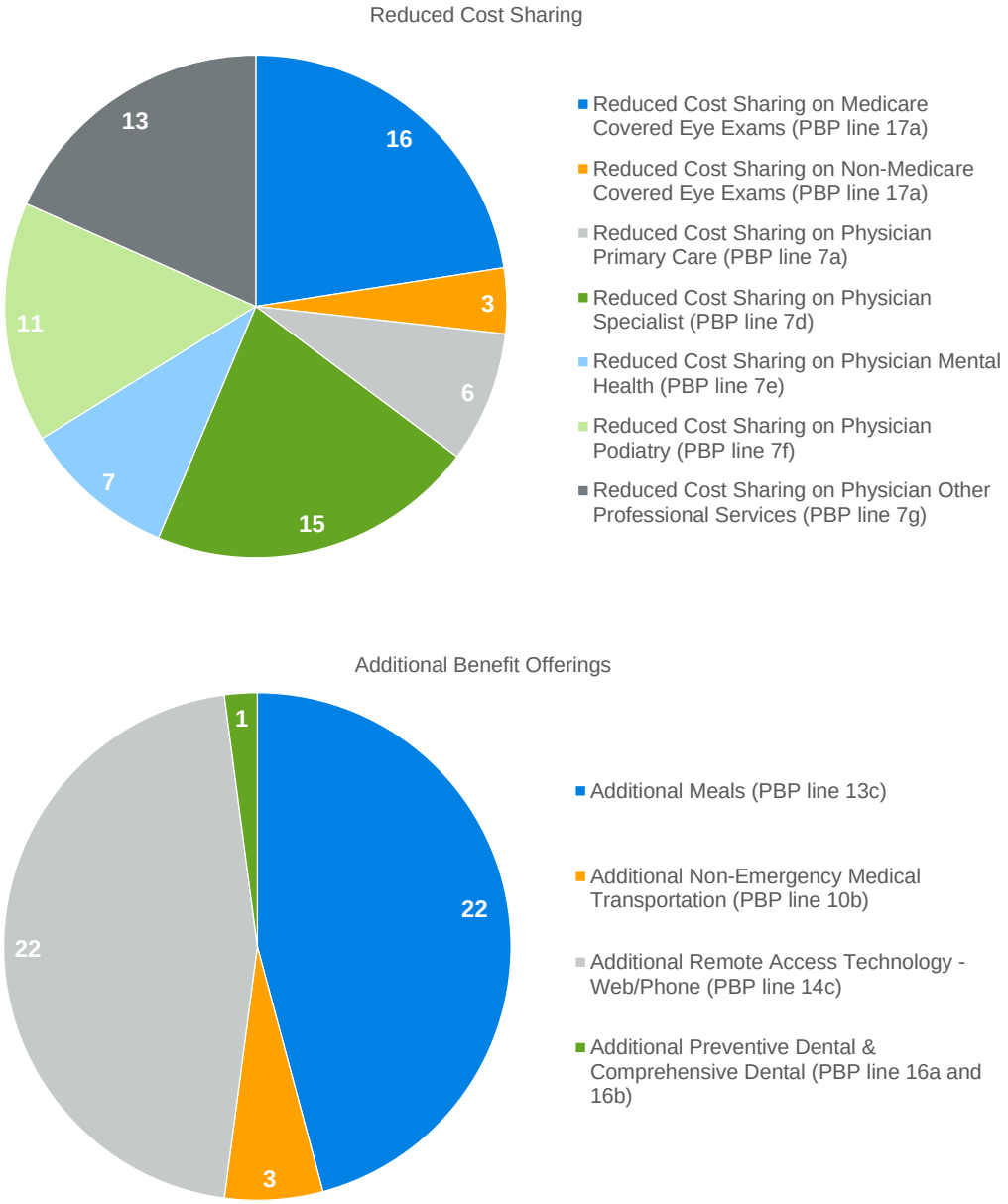
Figure 3 shows the conditions under which the MAOs indicated were eligible for either reduced cost sharing or additional benefits. Note that MAOs can offer multiple groups of UF benefit options, and each grouping can indicate targeting multiple conditions. For example, an MAO could offer reduced group 1, which targets diabetes, chronic obstructive pulmonary disease (COPD), and congestive heart failure and offers reduced cost sharing on primary care visits on all three conditions, and group 2, which targets opioid use disorder and chronic pain syndrome and offers reduced cost sharing on mental health services and additional acupuncture visits. Therefore the total of services in Figure 3 will be greater than those indicated in Figure 2.

FIGURE 3: UNIFORMITY FLEXIBILITY OFFERINGS CONDITIONS UNDER WHICH UNIFORMITY FLEXIBILITY BENEFITS ARE OFFERED

REDUCED COST-SHARING OFFERINGS		ADDITIONAL BENEFIT OFFERINGS	
Total Diabetes	43	Total Diabetes	48
Total COPD	10	Total COPD	34
Total Congestive Heart Failure	13	Total Congestive Heart Failure	38
Total Opioid Use Disorder or Chronic Pain Syndrome	9	Total Opioid Use Disorder or Chronic Pain Syndrome	20
Other Conditions	13	Other Conditions	63

For the most common single condition targeted, diabetes, there was significant variation in the types of benefits offered, which can be seen in more detail in Figure 4. Again, for each condition targeted, plans can offer multiple UF benefits targeted to the diabetes condition, so the results in Figure 4 will not tie to Figure 3.

FIGURE 4: REDUCED COST SHARING AND ADDITIONAL BENEFIT OFFERINGS UNDER UF FOR DIABETES



As you can see in Figure 4, many plans targeting the diabetes condition category offered reduced cost sharing for professional services, particularly eye exams. Eye conditions are common for diabetics[4] (such as glaucoma), so it is not surprising that MAOs would design a benefit that would incentivize those with diabetes to visit their eye doctors. For additional benefits, both meals and remote access technologies were popular offerings in CY 2019 for the diabetic condition, promoting a healthier lifestyle.[5] The hope is that diabetic healthcare costs will be lower as a result of these benefits.

Other targeted conditions and benefit options include:

- COPD with reduced cost sharing on cardiology and pulmonology visits and durable medical equipment (DME)
- Opioid use disorder or chronic pain syndrome with a fixed dollar amount to receive acupuncture services
- Hypertension with additional nonemergency medical transportation visits and a per month OTC card

[4] National Eye Institute. Facts About Diabetic Eye Disease. Retrieved March 19, 2019, from https://nei.nih.gov/health/diabetic/retinopathy.

[5] National Institute of Diabetes and Digestive and Kidney Diseases. Diabetes Diet, Eating, and Physical Activity. Retrieved March 19, 2019, from https://www.niddk.nih.gov/health-information/diabetes/overview/diet-eating-physical-activity.

Methodology and assumptions

The analysis provided in this report is based upon the CMS file "PBP Benefits – 2019 – Quarter 2," made available on CMS's website on January 5, 2019, which provided details for the VBID demonstration and UF benefits filed under PBP categories 19a and 19b. We identified plans as either VBID or UF based upon the informational flags and data provided in the "PBP Benefits – 2019 – Quarter 2" database, summarized only plans identified as UF, and similarly excluded any plans that are classified as Medicare Cost, medical savings account (MSA), or Medicare-Medicaid plans (MMPs). Plan data was summarized from the Milliman MACVAT®.

Caveats, limitations, and qualifications

This report is intended to summarize the UF benefits offered by plans in CY 2019. This information may not be appropriate, and should not be used, for other purposes. We do not intend this information to benefit, and assume no duty or liability to, any third party who receives this work product. Any third-party recipient of this report who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its specific needs.

In preparing this analysis, we relied upon public information from CMS. If the underlying data or information is inaccurate or incomplete, the results of the analysis may likewise be inaccurate or incomplete. The opinions included here are mine alone and not necessarily those of Milliman.

Julia Friedman is an actuary for Milliman, a member of the American Academy of Actuaries, and meets the qualification standards of the Academy to render the actuarial opinion contained herein. To the best of our knowledge and belief, this information is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

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