MEDPAC

Advising the Congress on Medicare issues

Assessing the utilization and delivery of Medicare Advantage supplemental benefits

Stuart Hammond

April 10, 2025

Presentation roadmap

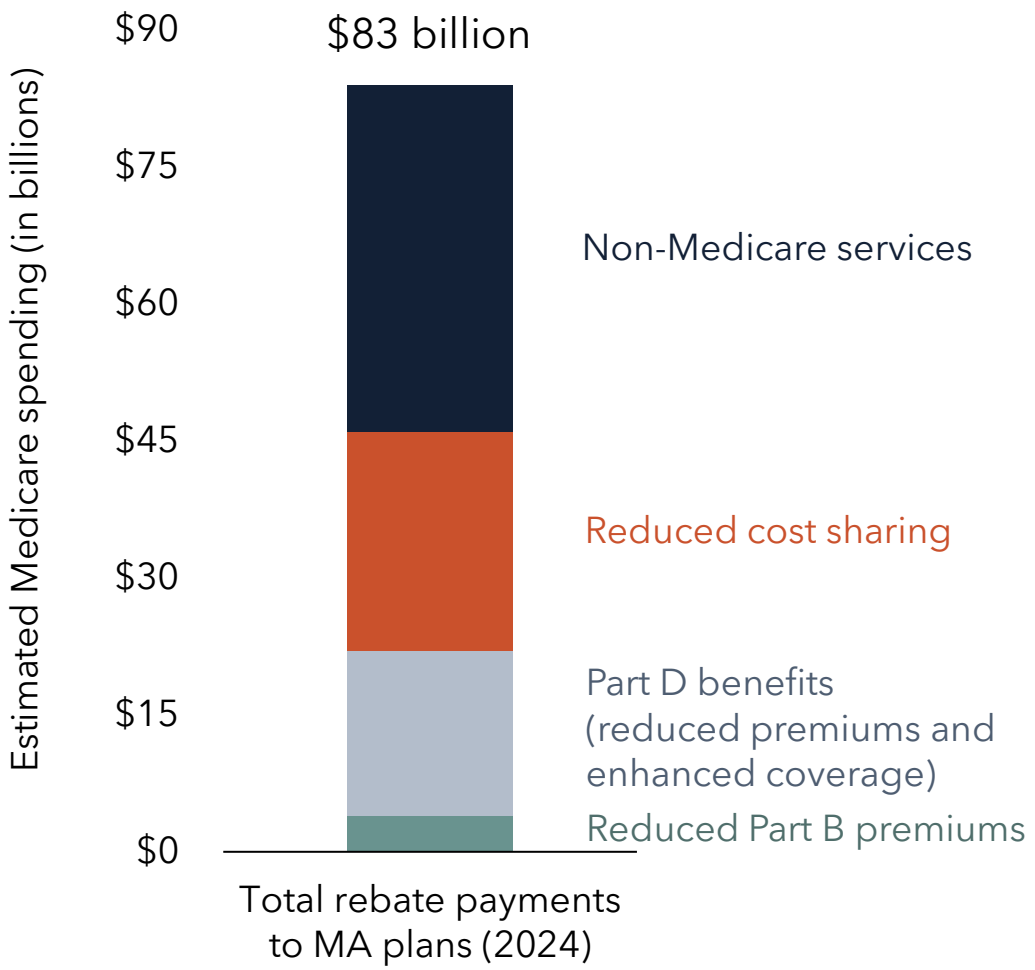
1. Background on Medicare Advantage supplemental benefits
2. How Medicare Advantage plans administer supplemental benefits
3. Data sources for assessing use of supplemental benefits
4. Analysis of encounter data and other sources
5. Discussion

Medicare Advantage supplemental benefits

- MA plans can offer supplemental benefits to their enrollees
- Supplemental benefits have the potential to address challenges that many Medicare beneficiaries face
- Supplemental benefits are financed primarily by rebates that plans receive from Medicare:
  - A plan's rebate depends on its bid and a county-level benchmark; the rebate is a percentage of the difference between the bid and the benchmark
  - Rebates must be used to provide supplemental benefits
  - Plans can also offer "optional" supplemental benefits for which enrollees pay an additional premium

Note: MA (Medicare Advantage). If a plan's bid is greater than the benchmark, Medicare pays the benchmark and the enrollee pays a premium to make up the difference.
Source: Medicare Payment Advisory Commission 2024.

Medicare paid MA plans approximately $83 billion in rebates in 2024

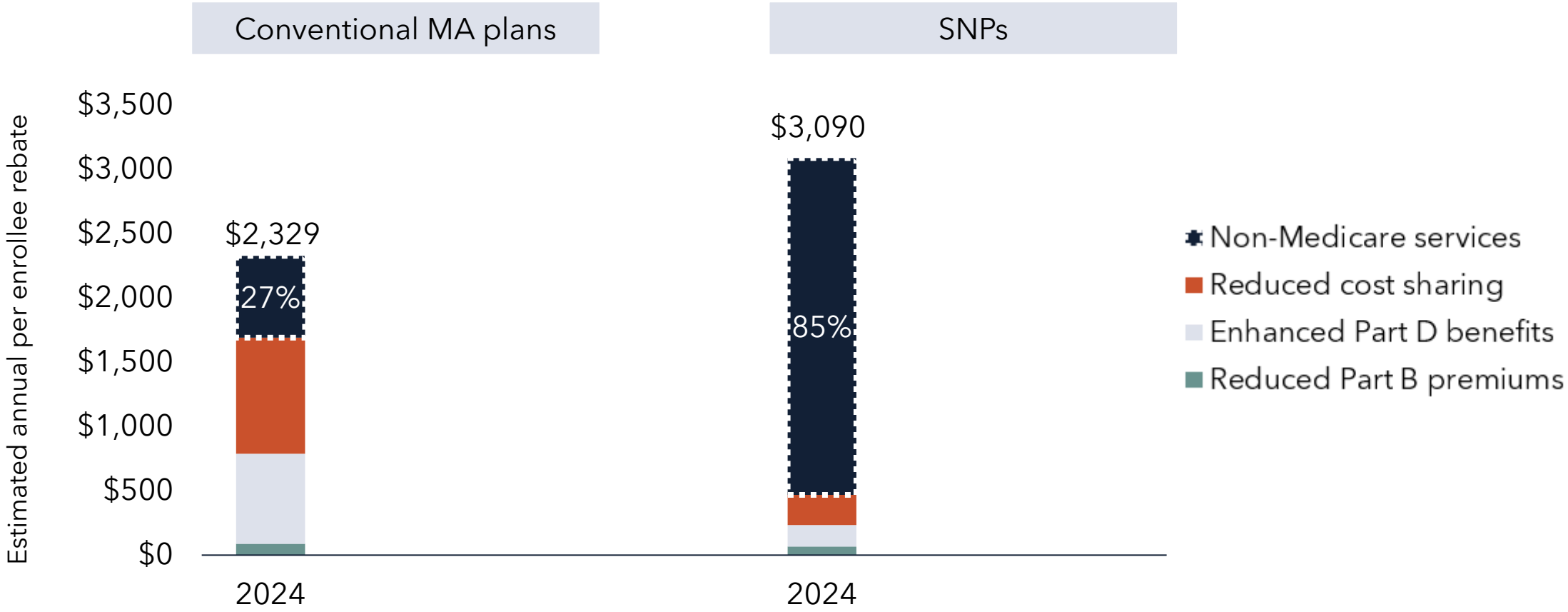


- Plans are required to use rebates to finance supplemental benefits
- Plan bids include projections of how they expect to allocate the rebates they receive from Medicare:
  - Plan projections are prospective and so might not reflect how rebates are actually used
- Approximately $38 billion will be used to finance coverage of non-Medicare services

Note: MA (Medicare Advantage). Rebates paid to nonemployer plans were estimated using rebate amounts from MA bids. Our estimate of rebate allocations assumes that the allocation for employer plans is similar to that of nonemployer plans.

Source: MedPAC analysis of data from CMS on plan bids, enrollment, benchmarks, payments to employer plans, and risk scores.

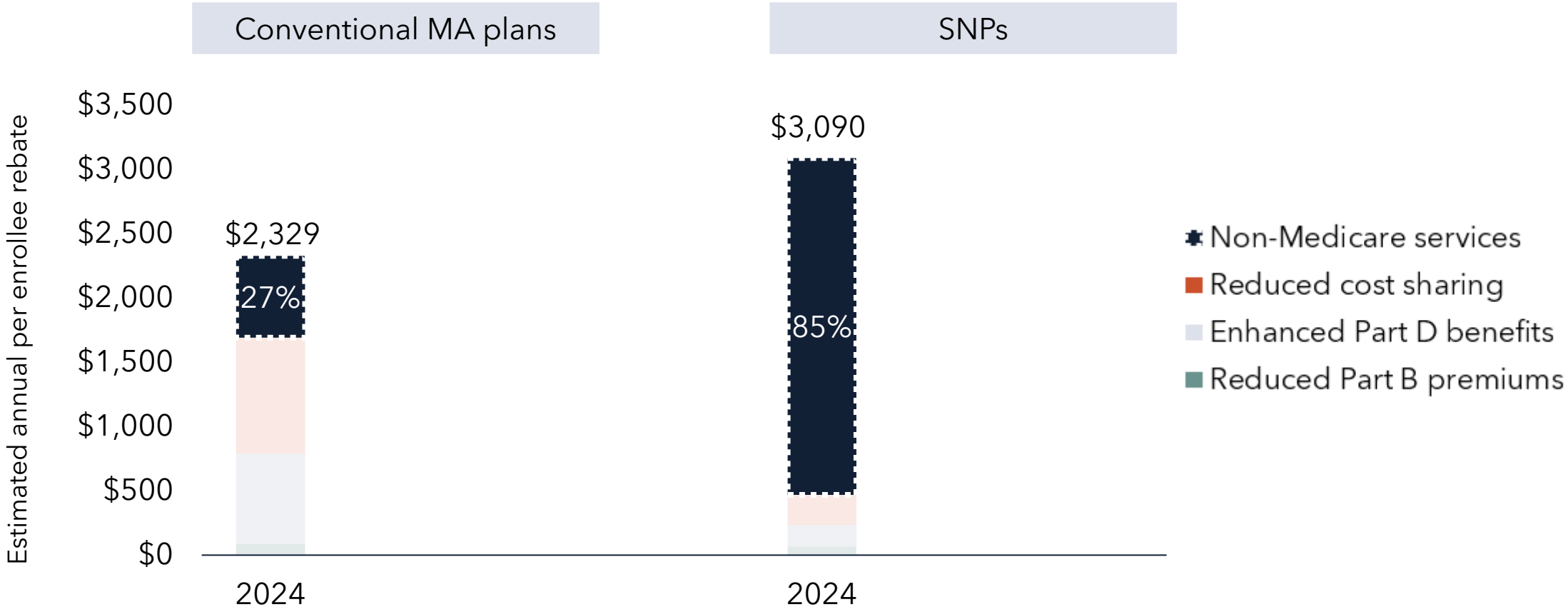
MA plans projected using a large share of rebates on non-Medicare services in 2024



Note: MA (Medicare Advantage), SNP (special-needs plan). "Conventional MA plans" excludes employer group plans and SNPs. "SNPs" excludes employer group plans and non-SNPs. Excludes plans that do not offer a prescription drug benefit. Plan projections are prospective and so might not reflect how rebates are actually used.

Source: MedPAC analysis of MA bid data, 2024.

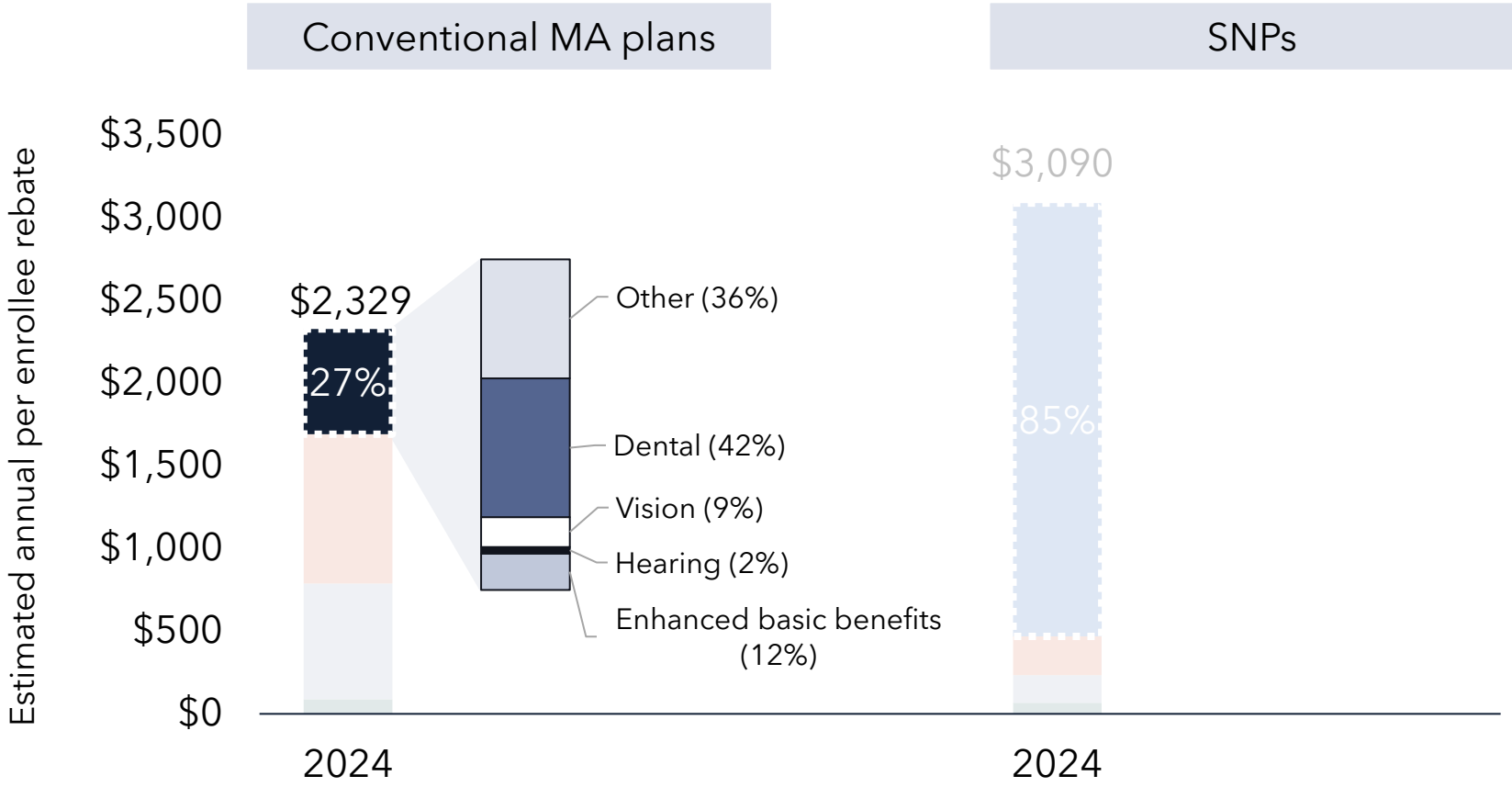
MA plans projected using a large share of rebates on non-Medicare services in 2024



Note: MA (Medicare Advantage), SNP (special-needs plan). "Conventional MA plans" excludes employer group plans and SNPs. "SNPs" excludes employer group plans and non-SNPs. Excludes plans that do not offer a prescription drug benefit. Plan projections are prospective and so might not reflect how rebates are actually used.

Source: MedPAC analysis of MA bid data, 2024.

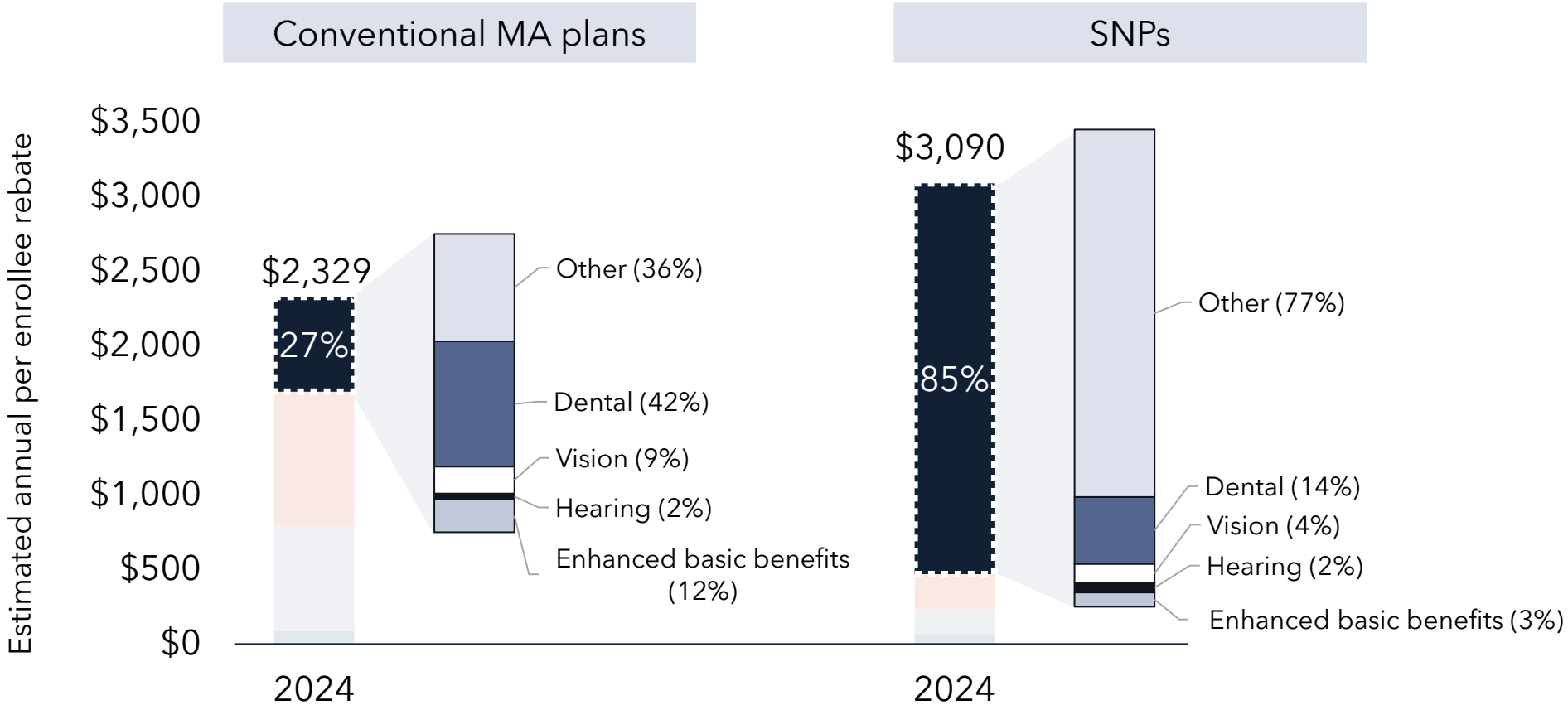
For conventional plans, dental benefits accounted for the largest share of non-Medicare supplemental benefits in 2024



Note: MA (Medicare Advantage), SNP (special-needs plan). "Conventional MA plans" excludes employer group plans and SNPs. "SNPs" excludes employer group plans and non-SNPs. Excludes plans that do not offer a prescription drug benefit. Plan projections are prospective and so might not reflect how rebates are actually used.

Source: MedPAC analysis of MA bid data, 2024.

For SNPs, "other" benefits accounted for the largest share of non-Medicare supplemental benefits in 2024



Note: MA (Medicare Advantage), SNP (special-needs plan). "Conventional MA plans" excludes employer group plans and SNPs. "SNPs" excludes employer group plans and non-SNPs. Excludes plans that do not offer a prescription drug benefit. Plan projections are prospective and so might not reflect how rebates are actually used.

Source: MedPAC analysis of MA bid data, 2024.

MA organizations typically partner with third parties to administer or deliver supplemental benefits

- We reviewed the websites of more than 25 MA organizations and supplemental-benefit vendors to learn more about how supplemental benefits are being administered
- Dental and vision benefits: Often administered by dental or vision insurance companies that manage the benefit on behalf of the MA plan; some plans administer these benefits themselves
- Plans often contract with vendors to provide nonmedical supplemental benefits such as transportation or gym memberships; they may also partner with community-based organizations
- Plans frequently administer supplemental benefits through entities with which the insurer is vertically integrated

Note: MA (Medicare Advantage).
Source: MedPAC analysis of websites of MA plans and supplemental-benefit vendors.

Reliable utilization data is necessary for answering important questions about supplemental benefits

- Bid data tell us little about MA enrollees' use of supplemental benefits
- Policymakers need reliable information about enrollees' use of the services:
  - How many enrollees use each benefit
  - Whether benefits used by enrollees who could most benefit
  - How much plans and enrollees spend on each benefit
  - What the effects are on enrollees' health
- Without better information, it is difficult to assess the potential value of supplemental benefits to MA enrollees and taxpayers

Note: MA (Medicare Advantage).

The data Medicare collects about supplemental benefits are insufficient for measuring utilization

Data source	Dental benefits	Vision and hearing benefits	Other benefits
MA encounter data			
Encounter data system configured to accept records?	No The system CMS uses to collect encounter data did not accept dental claims until 2024	Yes	Unclear Many services do not have well-defined procedure codes
Are there relevant procedure codes?	Yes	Yes	Unclear
Other sources (e.g., MCBS, MEPS)	Yes, but limited	Yes, but limited	No

Note: MA (Medicare Advantage), MCBS (Medicare Current Beneficiary Survey), MEPS (Medical Expenditure Panel Survey).

Challenges using encounter data to measure MA enrollees' use of supplemental benefits

- Except for vision and hearing services, many of the services do not have standard procedure codes
- We do not have a mechanism for assessing data completeness; analysis of encounter data for other services has found the data to be incomplete
- We cannot distinguish between records for covered services and those for supplemental benefits

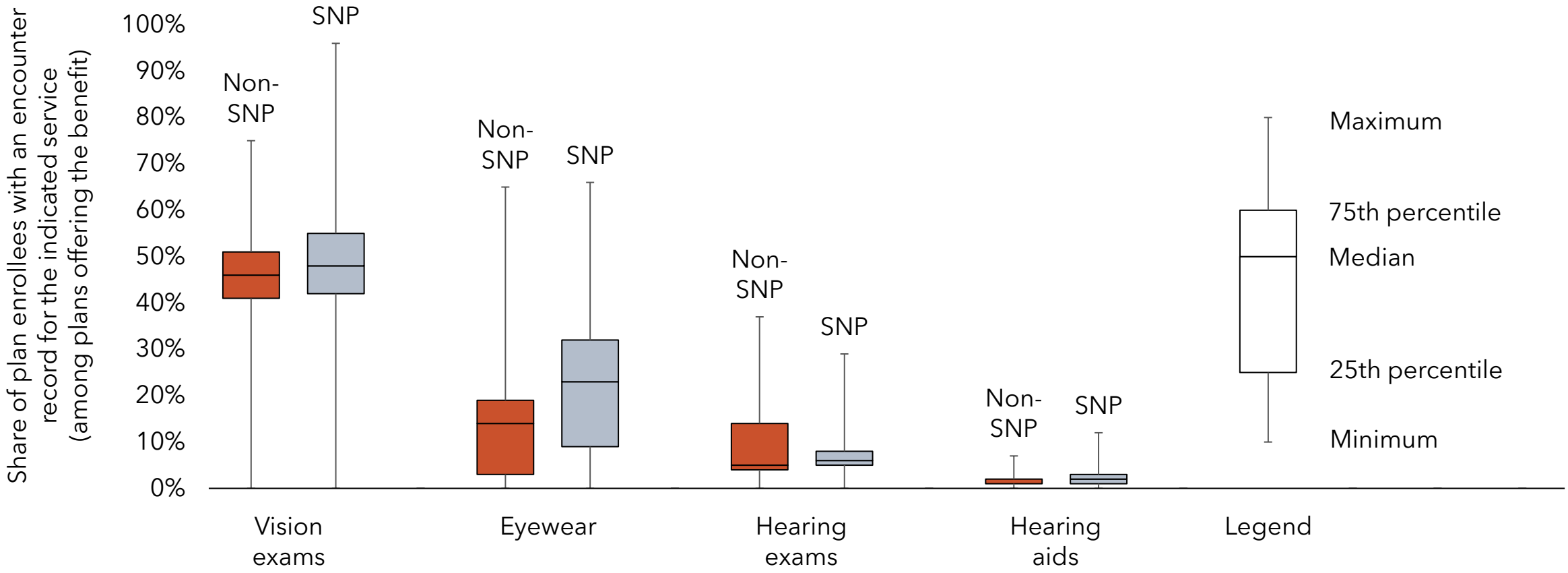
Note: MA (Medicare Advantage).

Vision and hearing benefits: Most MA plans offering the benefits submitted at least one corresponding encounter record in 2021

	Service category			
	Eye exams	Eyewear	Hearing exams	Hearing aids
Share of MA enrollees in plans offering the benefit	97%	92%	91%	87%
Share of plans that submitted at least one encounter record for the service (among plans offering the benefit)	>99	96	96	85
Share of MA enrollees in plans that submitted at least one encounter record for the service (among plans offering the benefit)	>99	>99	>99	99

Note: MA (Medicare Advantage). Includes only nonemployer coordinated-care plans that offered mandatory supplemental vision or hearing benefits.
Source: MedPAC analysis of MA plan benefits and encounter data, 2021.

Vision and hearing benefits: The share of enrollees with corresponding encounter records varied widely in 2021



Note: MA (Medicare Advantage), SNP (special-needs plan). Includes only nonemployer coordinated-care plans with at least 1,000 enrollees. Distributions are enrollment weighted such that the median value represents the central enrollee rather than the central plan.

Source: MedPAC analysis of MA plan benefits and encounter data, 2021.

Other supplemental benefits: Identifying procedure codes that may be associated with supplemental benefits is a challenge

Personal emergency response system

One benefit, small number of highly relevant codes

Code	Description
S5160	Emergency response system; installation and testing
S5161	Emergency response system; service fee, per month (excludes installation and testing)
S5162	Emergency response system; purchase only

Note: Codes shown are examples and do not reflect all of the codes included in our analysis.
Source: MedPAC analysis of CPT (Current Procedural Terminology) and HCPCS (Healthcare Common Procedure Coding System) codes and MA plan benefits.

Other supplemental benefits: Identifying procedure codes that may be associated with supplemental benefits is a challenge

Personal emergency response system

One benefit, small number of highly relevant codes

Code	Description
S5160	Emergency response system; installation and testing
S5161	Emergency response system; service fee, per month (excludes installation and testing)
S5162	Emergency response system; purchase only

Fitness benefit

One benefit, implemented differently across plans, many possible codes

Code	Description
S9970	Health club membership, annual
S9451	Exercise classes, nonphysician provider, per session
A9300	Exercise equipment
97005	Athletic training evaluation
97169	Evaluation for athletic training, typically 15 minutes

Note: Codes shown are examples and do not reflect all the codes included in our analysis.
Source: MedPAC analysis of CPT (Current Procedural Terminology) and HCPCS (Healthcare Common Procedure Coding System) codes and MA plan benefits.

Other supplemental benefits: Identifying procedure codes that may be associated with supplemental benefits is a challenge

Personal emergency response system

One benefit, small number of highly-relevant codes

Code	Description
S5160	Emergency response system; installation and testing
S5161	Emergency response system; service fee, per month (excludes installation and testing)
S5162	Emergency response system; purchase only

Food-related benefits

Many benefits (posthospital meals, meal deliveries, grocery allowance, food and produce deliveries), poor alignment between benefits and codes

Code	Description
S9977	Meals, per diem, not otherwise specified
S5170	Home delivered meals, including preparation; per meal
A0190	Non-emergency transportation, ancillary: meals-recipient
A0210	Non-emergency transportation, ancillary: meals-escort

Fitness benefit

One benefit, implemented differently across plans, many possible codes

Code	Description
S9970	Health club membership, annual
S9451	Exercise classes, non-physician provider, per session
A9300	Exercise equipment
97005	Athletic training evaluation
97169	Evaluation for athletic training, typically 15 minutes

Note: Codes shown are examples and do not reflect all of the codes included in our analysis.
Source: MedPAC analysis of CPT (Current Procedural Terminology) and HCPCS (Healthcare Common Procedure Coding System) codes and MA plan benefits.

Other supplemental benefits: Few enrollees with access to the benefits had a corresponding encounter record in 2021

Supplemental benefit(s)	Share of MA enrollees in plans offering the benefit	Number of CPT/HCPCS codes assessed	Share of enrollees who had a corresponding encounter record (among plans offering the benefit)
Fitness benefit	91%	10	<1%
Annual physical exams	88	26	71%
OTC items	82	66	11
Remote-access technologies	72	6	<1
Meals/food	7–59	7	<1–6
Health education	32	31	2
Acupuncture	26	6	3
Personal emergency response system	24	3	4
Smoking and tobacco cessation	20	14	20
Nutrition/dietary counseling	15	7	9

Note: MA (Medicare Advantage), CPT (Current Procedural Terminology), HCPCS (Healthcare Common Procedure Coding System). Codes shown are examples and do not reflect all the codes included in our analysis.

Source: MedPAC analysis of CPT and HCPCS codes and MA plan benefits.

Dental benefits: Lacking encounter records, we analyzed MCBS data to assess use

- The MCBS asks Medicare beneficiaries in MA and FFS about how they use and pay for dental care
- The data count all dental utilization, regardless of whether the MA plans paid for the services
- MA plans have discretion about the dental services they cover:
  - Variation in coverage makes it difficult to characterize dental coverage in MA
  - Survey data and national estimates obscure heterogeneity within MA

Note: MCBS (Medicare Current Beneficiary Survey), MA (Medicare Advantage), FFS (fee for service).
Source: MedPAC analysis of MA bid data, 2014–2024; Willink et al. 2020; Wix & Fontana 2024; Wix & Fontana 2020.

Dental benefits: MCBS data for non-dually eligible MA enrollees shows stable use, lower OOP costs

Outcome (for non-dually eligible beneficiaries)	MCBS year	
	2017	2022
Share of enrollees with a dental visit during the year		
FFS, no dental	51%	61%
MA, with dental	56	57
Share of costs paid OOP		
FFS, no dental	90	96
MA, with dental	61	35
Share of enrollees reporting a time they were unable to access dental care due to cost		
FFS, no dental	7	4
MA, with dental	7	4

- We grouped FFS beneficiaries and MA enrollees according to the type of dental coverage they had in the year
  - Excluded FFS beneficiaries who had dental coverage through an employer or stand-alone plan
- Nearly 60% of non-dually eligible MA enrollees visit the dentist in a year
- The share of dental costs paid out-of-pocket by non-dually eligible MA enrollees fell between 2017 and 2022

Note: MCBS (Medicare Current Beneficiary Survey), FFS (fee-for-service), MA (Medicare Advantage).
Source: MedPAC analysis of Medicare Current Beneficiary Survey data, 2017 & 2022

In 2024, CMS implemented new policies to improve data on MA enrollees' use of supplemental benefits

- New encounter-data submission requirements will provide more information about non–Medicare services (e.g., hearing services) at the claim level:
  - CMS's system has been configured to accept dental records
- New reporting requirements will provide plan-level information about enrollees' use of non-Medicare services and plans' spending on these services
- The new data should provide better information about supplemental benefit use, but limitations will remain
- The new data are not yet available for analysis

Note: MA (Medicare Advantage).
Source: Centers for Medicare and Medicaid Services, 2024.

It is difficult to assess the value provided by the $83 billion Medicare spends on MA supplemental benefits

- We estimate that MA plans used about $38 billion of the rebates they received from Medicare in 2024 to provide non-Medicare services
- Preliminary analysis suggests that it may be possible to use encounter data to assess use of vision and hearing services, but the data are insufficient for analysis of other supplemental benefits
- Recent actions by CMS may address some shortcomings of the current data, but the new data are not yet available for analysis

Note: MA (Medicare Advantage).

Discussion

- Questions
- Feedback on materials
- This material will be included in our June 2025 report to the Congress

MEDPAC

Advising the Congress on Medicare issues

Medicare Payment Advisory Commission

www.medpac.gov

@medicarepayment