



Pension & Health Benefits Committee

Agenda Item 6d

March 14, 2023

Item Name: Health Benefit Design Proposals for 2024 Plan Year

Program: Health Benefits

Item Type: Action

Recommendation

Approve the following health plan proposals for the 2024 plan year:

1. Anthem Blue Cross benefit changes for its Medicare Advantage plan:
 - a. Coverage for Personal Emergency Response System (PERS) devices
 - b. Coverage for in-home support services.
2. Adjust UnitedHealthcare (UHC) Medicare Advantage Edge Emergency Department copay to \$50.

Executive Summary

This agenda item provides a summary of the proposed benefit design changes for the 2024 plan year, which include adding additional supplemental benefits to Anthem's Medicare Advantage health plan and adjusting UHC's Medicare Advantage's Emergency Department copay.

Strategic Plan

This item supports California Public Employees' Retirement System (CalPERS) 2022-27 Strategic Goal of Exceptional Health Care: Ensure our members have access to equitable, high-quality, affordable health care.

Background

CalPERS recognizes the need for providing affordable health plans for our Basic and Medicare members and maintaining continuity of health care coverage as members age. Annually, CalPERS encourages our health plan partners to submit proposals for benefit design changes that align with the CalPERS Health Program Strategic Plan.

Medicare Advantage Supplemental Benefits Background

Supplemental benefits are benefits that Medicare Advantage (MA) plans are permitted to offer in addition to the required benefits that they must provide under traditional (original) Medicare (Parts A, B, or D). In recent years, the Centers for Medicare & Medicaid Services (CMS) has

expanded what supplemental benefits MA plans can offer to their members. When traditional supplemental benefits, such as vision, dental and hearing, were first offered in 2017, they were required to be *primarily health related* and were narrowly defined by CMS. In 2018 and 2019, CMS expanded the range of supplemental “primarily health related” benefits to include additional services such as adult day health care, in-home support services and non-emergency medical transportation, among others. Adoption of these expanded supplemental benefits has been less widespread than the traditional supplemental benefits. In 2020, as a result of the Chronic Care Act, CMS expanded supplemental benefits specifically for beneficiaries with chronic illnesses (Special Supplemental Benefits for Chronic Illness or SSBCI), to include coverage for non-medical services. These benefits do not have to be primarily health related, but must have a reasonable expectation of improving or maintaining the health and overall function of the beneficiary. These include benefits such as food and produce, non-medical transportation, social needs support, and pest control.

To date, there is a lack of evidence to support the widespread use of many of the SSBCI. While there is evidence that non-medical services such as meal delivery and medical transportation for certain populations can improve overall health, as well as early evidence that demonstrates decreased loneliness and improved medication management with some services, there is a lack of measurable return on investment (ROI) and real-world evidence to inform decisions to adopt specific SSBCI programs. There are unique challenges that come with evaluating the impact of non-medical supplemental benefits. First, the full impact of social services and other non-medical benefits may take years to develop. While an immediate impact of a more nutritious diet may have an immediate impact on an individual, the metrics we use to determine “success”, like decreased spending, may take years to realize. Additionally, the increase in community programs such as Meals on Wheels, other community supports, and use of family caregivers also make it more challenging to isolate the effects of SSBCI. Lastly, because so many members in MA plans could qualify for such services, there tends to be a lack of a control group as a comparator.

Analysis

CalPERS team members have conducted an analysis of each proposal. The information below summarizes each proposal and analysis results.

Medicare Advantage Supplemental Benefits

While all CalPERS MA plans offer traditional supplemental benefits such as vision, hearing, acupuncture and chiropractic services, only two CalPERS MA plans offer SSBCI benefits; these benefits consist of food and produce, non-medical transportation, and general supports for social needs.

Anthem proposes to add two new benefits, one traditional and one expanded supplemental benefit:

- The traditional benefit is for Personal Emergency Response System (PERS) devices, a common benefit that three other CalPERS MA plans currently provide, and that notifies appropriate services during an emergency.
- The expanded supplemental benefit is for in-home support services which is the most common expanded supplemental benefit offered by our CalPERS MA plans and which

assist individuals with disabilities and medical conditions in performing activities of daily living (ADLs) within the home.

The impacts of these additional benefits are listed below:

1. Coverage for PERS devices: The projected premium impact would be \$2.28 per subscriber per month (PMPM), which would be a 0.55% impact on the projected premium
2. Coverage for in-home support services: The projected premium impact would be \$4.53 PMPM, which would be a 1.09% impact on the projected premium.

The CalPERS team recommends approval.

UHC Copay Adjustment

In November 2020, the Board approved UnitedHealthcare's Medicare Advantage Edge plan which reduced copays for many services for plan year 2022. Part of UHC's MA Edge copayment design was a \$0 copay for emergency department (ER) visits, while other MA plans charged a \$50 copay per visit.

The ER is an exceptionally important healthcare setting, giving patients a place to go when they are experiencing life-threatening and often frightening healthcare symptoms. However, given the critical care that emergency departments provide, they are also an expensive site of care and can be overutilized when often a more clinically-appropriate level of care is a primary care clinic or urgent care clinic. To encourage members to seek the appropriate level of care and to align our copay structure, the CalPERS team recommends aligning ER copays across all HMO health plans to \$50. UHC supports this adjustment and intends to incorporate any projected premium savings into the rate development process.

The CalPERS team recommends approval.

Budget and Fiscal Impacts

If approved, the proposed new benefit design changes would impact premiums and health plan contracts for the 2024 plan year.

Benefits and Risks

The CalPERS health team recognizes the need to further collaborate with our MA health plans to ensure uniform supplemental benefit offerings are efficiently being provided to CalPERS MA subscribers and their dependents. We will continue to guide plans to compete on quality of care, and to avoid situations in which plans entice CalPERS members to migrate from one plan to another primarily based on benefit offerings. CalPERS will continue taking an active role in monitoring and approving new MA supplemental benefits prior to them being offered. Because of this, the CalPERS health team will require approval for any new supplemental benefit (traditional, expanded or SSBCI) offered by an MA plan and will also require plans to report on cost, utilization of ROI of supplemental benefits twice annually and as part of the rate development process.

Attachments

Attachment 1 – 2024 Benefit Design Proposals PowerPoint

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