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The future of aging:

What strategies are MA plans using to expand the health span of their members?

Deloitte Center *for* Health Solutions

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Silver tsunami or permanent sea change?

The middle aging of society

- While longevity has increased in the last century, the years we have gained were not added to the end of life—those "extra" years have been added to the middle of life, according to Laura Carstensen.

- But still today, the average health span (age 63)—the amount of time that one is healthy in life—stops more than a decade short of the average life span (age 79).

What would happen if we extended *health span?*

Medicare Advantage: What's all the hype about?

Two major trends are driving health plans' investment in Medicare Advantage

Membership is growing

34 percent of Medicare enrollees are enrolled in an MA plan – more than 20 million. We expect this to increase.

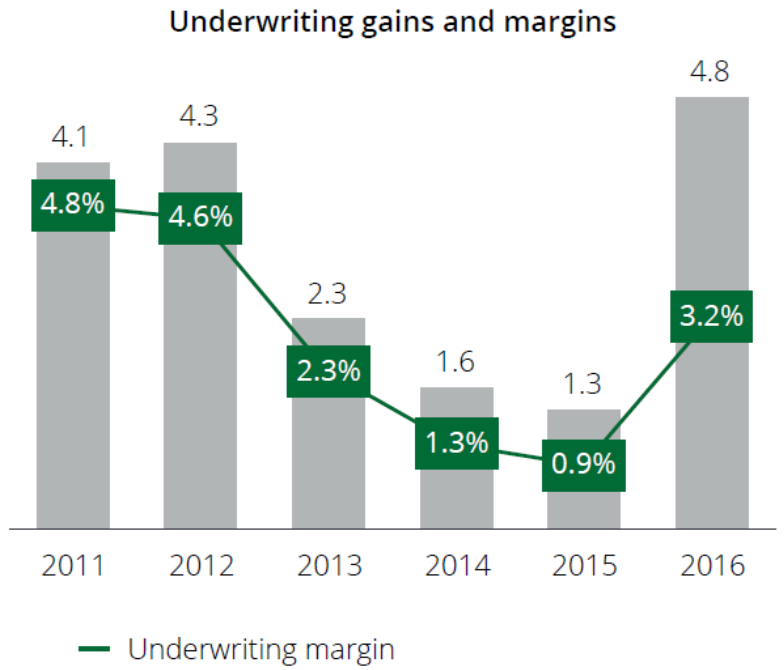
Future beneficiaries…

Are used to having options to choose from through their experience with employer coverage.

Are more accustomed to networks and benefit designs (e.g., HMOs, PPOs) than their predecessors.

Have enrolled in employer-based plans for years (if not decades) with the same health plans that offer MA plans.

Margins are sustaining



Source: Deloitte analyses based on data from health plans' annual NAIC, DMHC, and CDHC filings

Sources: http://www.medpac.gov/docs/default-source/reports/chapter-2-the-next-generation-of-medicare-beneficiaries-june-2015-report-.pdf?sfvrsn=0; http://www.nytimes.com/2014/07/08/upshot/gingrichs-correct-prediction-about-medicares-future.html?_r=0; Deloitte analyses based on data from health plans' annual NAIC, DMHC, and CDHC filings - https://www2.deloitte.com/us/en/pages/life-sciences-and-health-care/articles/government-health-plan-financial-trends.html

CHRONIC Care Act changed the rules around and added benefit flexibility

Allows MA plans to offer special Supplemental Benefits for the Chronically Ill

Important details:

- The supplemental benefits may include services that are not primarily health related, such as home and community-based services that address the SDOH
- There must be a reasonable expectation that the services will improve or maintain the member's health or overall function.
- The benefit no longer has to be made available to all members, as long as the plan offers it based on health status or disease state and ensures that similarly situated enrollees are treated the same way.

Big questions remain:

- Will the new flexibility be popular among plans? Among beneficiaries?
- Will it lead to improved health and well-being for enrollees receiving the benefits?
- If the MA plan includes the benefit, is there sufficient provider capacity to ensure the benefits are delivered as promised and with high quality?
- What partners will MA plans seek out to help coordinate these benefits?

Chronically ill definition:

- **Has one or more comorbid and medically complex chronic conditions that is life threatening or significantly limits the overall health or function of the enrollee as a high risk of hospitalization or other adverse health outcomes**
- **Requires intensive care coordination.**

Source: https://www.aginganddisabilitybusinessinstitute.org/2020-final-call-letter-offers-guidance-and-structure-for-medicare-advantage-supplemental-benefits/

Interviews with MA and Medicaid plan leaders indicate health plans are finding new ways to address the social determinants of health among their enrollees

But…they are still learning

Four leading strategies health plans are using to address the social needs of their enrollees

Source: https://www2.deloitte.com/us/en/insights/industry/health-care/applying-social-determinants-of-health-mcos.html

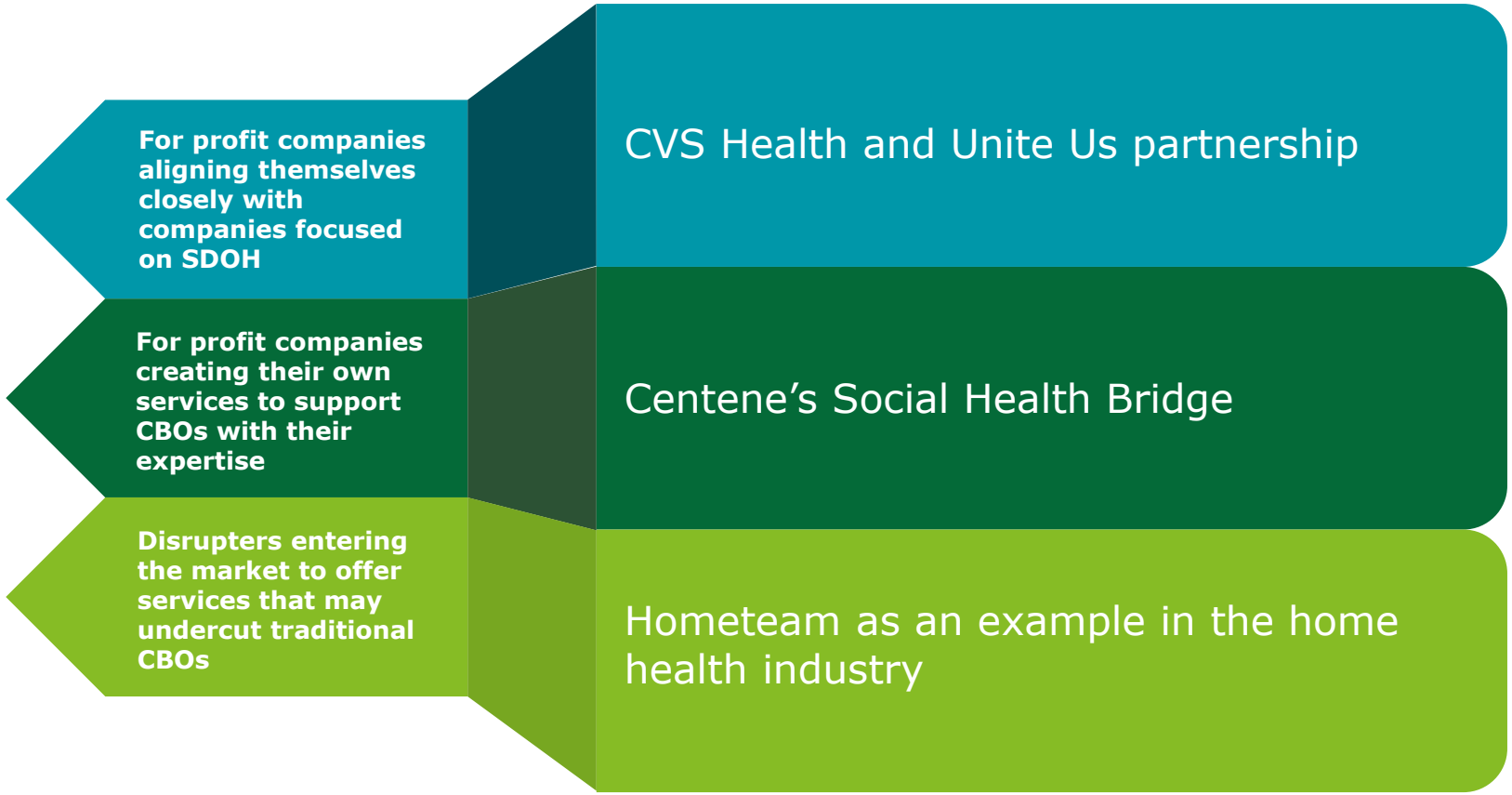
The emerging business case for addressing SDOH

- A growing body of evidence shows SDOH interventions can be cost-effective
- The current evidence on overall cost savings/ROI is sparse, but SDOH interventions may pay future dividends
- Health plan executives also believe there are other reasons to invest in social needs that make good business sense

"Addressing SDOH aligns with the head and the heart." —*Health plan executive*

Three notable trends to follow

Players across the industry are toying with different ways to tackle SDOH and supplemental benefits



Conclusion

The state and CBOs have a role to play in shifting MA plans' focus, but additional opportunities also exist with other players

What can the state do to prepare itself and CBOs for more relationships with MA plans?

Consider three questions:

- What do MA organizations need from CBOS?
- How can the state support CBOs as they seek to contract with MA organizations?
- How can the state support CBOs as they seek to compete with disrupters?

Other players also offer attractive partners for the state:

- Health systems and hospitals, especially those taking on risk-based contracts
- Employers
- Medicaid plans

Sources: https://www2.deloitte.com/us/en/pages/life-sciences-and-health-care/articles/health-care-current-march26-2019.html; https://www2.deloitte.com/content/dam/Deloitte/us/Documents/life-sciences-health-care/us-lshc-addressing-social-determinants-of-health.pdf

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