



New CMS Medicare Advantage Policy Could Have Significant Impact on Senior Living and In-Home Care Providers

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A Centers for Medicare & Medicaid Services (CMS) call letter (the “Call Letter”) released on April 2, 2018, could mean a dramatic and positive shift in CMS policy related to Medicare Advantage (MA) plans and senior living and in-home care providers.¹ In the past, CMS disallowed an item or service to be eligible as a supplemental benefit if the primary purpose is “daily maintenance.” Under the Call Letter, that could change.

“Supplemental health care benefits” are defined in the Medicare Managed Care Manual as an item or service (1) not covered by Original Medicare, (2) that is primarily health related, and (3) for which the MA plan must incur a non-zero direct medical cost. An MA plan may propose, and CMS may approve, covering an item or service meeting these three criteria. In regard to the second of those criteria, CMS has determined an item or service to be “primarily health related” if the primary purpose of the item or service is to “prevent, cure, or diminish an illness or injury.” In the past, “daily maintenance” care has not met that primary purpose.

In the Call Letter, CMS explains that “medical and health care research has demonstrated the value of certain items and services that can diminish the impact of injuries or health conditions and reduce avoidable emergency and health care utilization.” In order to incorporate these disease-diminishing and preventative items and services, CMS states in the Call Letter that it now interprets “primarily health related” to mean an item or service that will:

1. Diagnose, prevent, or treat an illness or injury;
2. Compensate for physical impairments;
3. Act to ameliorate the functional/psychological impact of injuries or health conditions; or
4. Reduce avoidable emergency and healthcare utilization.

Based on the new interpretation, some forms of “daily maintenance” will likely be eligible to be covered services under MA plans. Note, however, that the Call Letter points out that the new supplemental benefit eligibility standard also requires these benefits to address “specific illnesses and/or injuries.” In other words, CMS may be indicating that MA plans must limit the coverage of daily maintenance to specific diagnoses (e.g., diabetes, which requires significant daily maintenance).

While there is still uncertainty related to the new policy, it is viewed by the industry as a positive change. In-home care providers are well positioned to provide services that meet the new “primarily health related” standard defined above, and thereby benefit from broader MA plan coverage. Likewise, senior living communities that patients call home will benefit from the broader coverage. In-home care providers and senior living communities should keep an eye on the development of the new policy, including watching out for the additional guidance promised by CMS. The new policy could reshape the MA landscape, both from a care and monetary standpoint.

¹ The call letter is available here: <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2019.pdf>.

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