



Investment Thesis Report:
Supplemental Benefits

August 2022

Contents

Overview

Medicare Advantage

- Intro
- Costs
- Coverage

Supplemental Benefits

- Intro
- Benefits Breakdown
- SSCBI Category
- Dental Benefits Highlight
- Navigating Plans and Benefits

Mapping the Industry of Supplemental Benefits

- Case Study
- Relevant Companies
- Problems with Supplemental Benefits
- Future of Supplemental Benefits

Conclusion

Overview

Currently in the United States, 75 million Americans are covered by Medicaid and 62 million are covered by Medicare. The healthcare industry has seen extensive growth over the past several decades, and it does not appear to be slowing down.

Between 2020 and 2021, total Medicare Advantage enrollment grew by about 2.4 million beneficiaries, or 10 percent - nearly the same growth rate as the prior year.¹

With such extensive growth, more and more Americans every year are relying on government programs for their medical insurance needs. Private insurance can be expensive for many Americans leading millions of people to choose public insurance plans. Amid so many Americans using government medical plans, it is important to mention that most insurance plans do not cover a broad list of specific types of medical expenses, items, or services. In many cases, medical insurance plans only cover basic expenses and needs such as surgery, lab tests, home health care, hospital care, or nursing care.² With only basic needs and expenses being covered, many Americans are not provided full access to additional health-focused benefits. One way for people to help themselves and access an extensive field of resources is through supplemental benefits.

Supplemental benefits are additional offerings of insurance plans that provide benefits and means that are not covered by basic or normal medical insurance plans. The items and services covered by supplemental benefit plans are still health related, but they are extra items not covered by standard health insurance plans. Specifically, supplemental benefits are items or services that are included in Medicare Advantage plans but are not covered by Original Medicare plans.³ In many cases, having access to supplemental benefits is the key to solid health and security for families in the United States.

Basic Types of Supplemental Benefits in Medicare Advantage

- Dental
- Vision
- Hearing
- Fitness
- Meal Plans
- Nutrition
- Caregiver Support
- In-Home Support Services

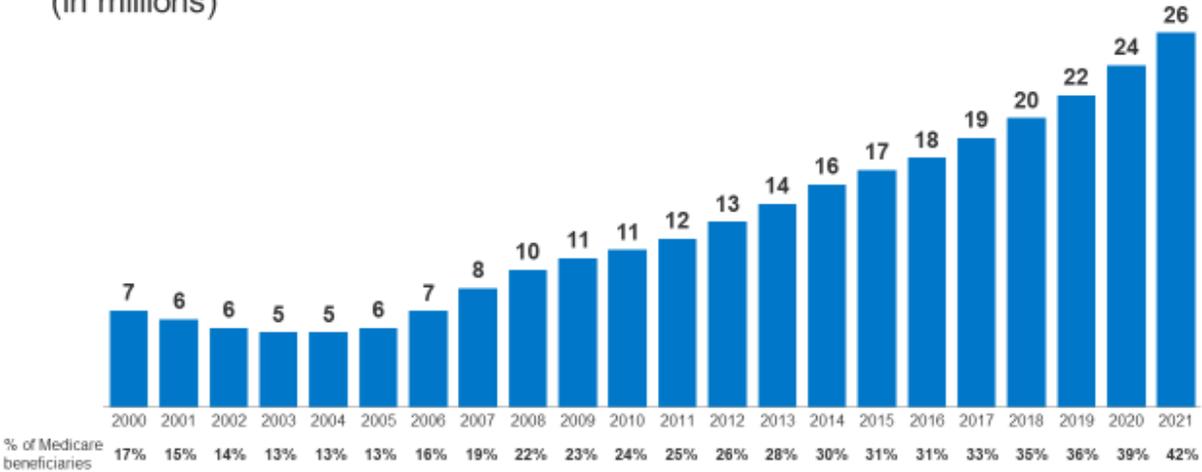
Medicare Advantage

Intro

Medicare Advantage is a specific type of health insurance plan in the United States that includes most all Original Medicare’s coverage while also adding supplemental benefits through private-sector health insurers. The ability to opt for additional benefits with Medicare Advantage originally became available in 1997 when the Balanced Budget Act was signed into place. The plan was originally called Medicare+Choice, and then the name was changed to Medicare Advantage in 2003.⁴ As of September 2021, there were around 28 million Americans enrolled in some type of Medicare Advantage plan. This is around 43% of the entire Medicare population that currently has an Advantage plan. Over the years, there have been steadily more amounts of Americans opting for supplemental benefits by signing up for Medicare Advantage plans. In 2004, only 13% of Medicare users had an Advantage plan.⁴ However, as seen, Medicare Advantage plans have gained significantly more traction over the years due to added benefits, increased options, and cheaper costs. Medicare Advantage plans are often called Medicare Part C. This is because it includes both Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance) while adding supplemental benefits all into one insurance plan.⁴

*Growth in Medicare Advantage Enrollees

Total Medicare Advantage Enrollment, 2000-2021
(in millions)

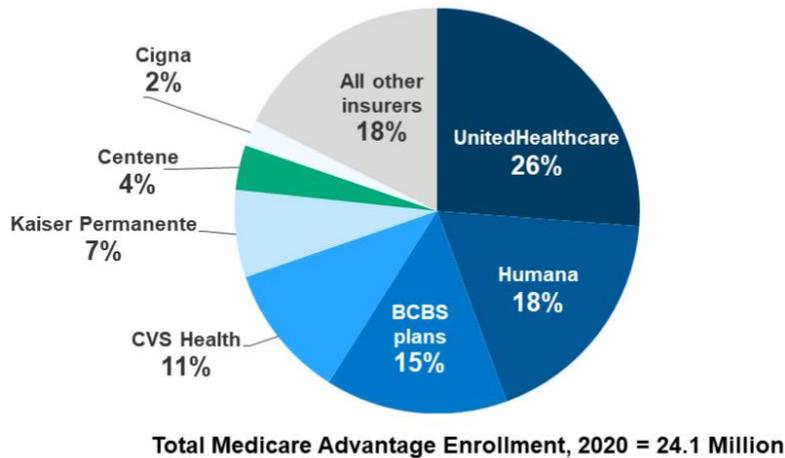


NOTE: Includes cost plans as well as Medicare Advantage plans. About 62.7 million people are enrolled in Medicare in 2021.
 SOURCE: KFF analysis of MPR, "Tracking Medicare Health and Prescription Drug Plans: Monthly Report," 2000-2005; Medicare Chronic Conditions (CCW) Data Warehouse from 5 percent of beneficiaries, 2006-2017; CCW data from 20 percent of beneficiaries, 2018; and Medicare Enrollment Dashboard 2019-2021. Enrollment numbers from March of the respective year.

*MA Plans Offered Based on Enrollment by Carrier

Figure 4

Medicare Advantage Enrollment by Firm or Affiliate, 2020



NOTE: All other insurers includes firms with less than 2% of total enrollment. BCBS are BlueCross and BlueShield affiliates and includes Anthem BCBS plans. Anthem non-BCBS plans are less than 2% of total enrollment. Percentages may not sum to 100% due to rounding.
SOURCE: KFF analysis of CMS Medicare Advantage Enrollment Files, 2020.



Costs

The costs of Medicare Advantage vary slightly from Medicare for several reasons. For one, MA plans include the costs of all the extra benefits that the plan adds that Medicare does not provide. With MA plans, Original Medicare pays a fixed amount each month to the company that is offering your Medicare Advantage Plan. Depending on which MA plan someone chooses, many MA plans have a \$0 premium.⁵ However, if you choose a plan that does have a premium you still must pay the additional monthly Medicare Part B premium. In terms of out-of-pocket costs, the MA plans vary depending on a certain person's geographic area and the supplemental benefits that they choose. One benefit of having a MA plan vs. a Medicare plan is that MA plans have a yearly limit on the amount that you pay for both Medicare Part A and Part B.⁵ Once someone hits this limit, they are capped, and they will pay nothing for the rest of the year.

To get more specific, MA plans typically have a premium that costs around \$20/month. According to Medical News Today, MA plan premiums were \$21.22 per

Coverage

The most important part about Medicare Advantage plans is their ability to financially insure people in a greater fashion than Original Medicare. The coverage of MA plans is much broader and more extensive than that of Medicare. In MA plans, you receive Medicare Part A which is hospital insurance and Medicare B which is medical insurance. In addition, in most MA plans you also receive Medicare Part D. Medicare Part D is drug coverage for MA plans that helps people pay for both generic and brand-name drugs. By doing this, the costs of prescription and non-prescription drugs are more affordable for people with an MA plan. Part D also helps people avoid large price markups on all types of drugs.⁶ Additionally, MA plans cover supplemental benefits. Dental, vision, and hearing are three of the most common types of benefits included in MA plans.⁶ It is also important to mention that MA plans generally do not have coverage outside of the United States.

Supplemental Benefits

Intro

Supplemental benefits are one of the largest areas for healthcare disruption and growth in the United States. These benefits have been around since 1997, and they have slowly been on the rise over the past 25 years. Supplemental benefits are key drivers to people having more efficiency and safety in their everyday living. The main way to obtain supplemental benefits is through acquiring a Medicare Advantage plan. By doing this, people can choose specific benefits that they want to be covered for within their insurance plan. With simple Medicare, people are limited to just Part A and Part B coverage. In order to obtain more insurance coverage, people must either pay for a new private plan or opt for a MA plan.

Supplemental benefits have grown astronomically in the past 15 years, and they do not appear to be stopping. In fact, as more and more people continue to opt for MA plans, supplemental benefits are increasing in a parallel fashion. Recent news

predicts a steady upward trend in both MA plans and supplemental benefit use. In April 2022, the Centers for Medicare and Medicaid Services (CMS) announced that Medicare Advantage plans will see an increase in revenue of 8.5% in 2023. With this increase, there is also an increase in MA payments from 4.5% to 4.88%. With CMS allotting more money towards MA plans, this calls for extreme growth in the area of supplemental benefits.⁸ An 8.5% increase in revenue calls for MA plans to be expansive and more inclusive of all types of supplemental benefits.

It is also very important to note that with the recent Covid 19 Pandemic, the use of supplemental benefits being obtained and used by senior citizens has increased drastically. The pandemic highlighted the need for more use of supplemental benefits that did not directly relate to medical needs. After extensive research done by CMS, it was determined that offering medical care alongside extra nonmedical services that deal with health, patients, and caregivers could be very beneficial overall. The pandemic has created flexibility within MA plans, and it has overall added many supplemental benefits that are more tailored toward specific diseases, health benefits, and health issues.

Types of Medicare Advantage Supplemental Benefits

Traditional primarily health-related benefits (2018 and earlier)

- Vision
- Dental
- Hearing
- Fitness
- Over-the-counter benefits
- Limited additional services, such as:
 - rides to medical appointments
 - certain number of meals following inpatient stays
 - home-based palliative care

Expanded primarily health-related benefits (starting in 2019)

- All traditional primarily health-related benefits
- Expanded additional services, such as:
 - more-generous meal benefits
 - additional rides
- New services, such as:
 - adult day care
 - community-based services
 - caregiver support

Special Supplemental Benefits for the Chronically Ill (starting in 2020)

- Complementary therapies
- Pest control
- Food and produce
- Meals
- Nonmedical transportation
- Structural home modifications
- Service dog support
- Social needs benefit
- Transitional/temporary supports
- Indoor air quality equipment and services

Source: Thomas Kornfield et al., *Medicare Advantage Plans Offering Expanded Supplemental Benefits: A Look at Availability and Enrollment* (Commonwealth Fund, Feb. 2021). <https://doi.org/10.26099/345k-kc32>

As seen in the visual above, the market for supplemental benefits has become wider and more inclusive over the years. Even just several years ago back in 2018, almost all supplemental benefits were required to be directly medical related. However, as the years have progressed, CMS has changed the laws, and they are realizing the value in adding non-medical benefits that can directly improve people's lives. Back in 2019 when CMS made a big change in these laws, they stated that plans are allowed to add new benefits as long as they, "diagnose, prevent, or treat an illness or injury, compensate for physical impairments, act to ameliorate the functional/psychological impact of injuries or health conditions, or reduce avoidable emergency and health care utilization to all beneficiaries."⁹ By CMS making this statement, the market for supplemental benefits has become much wider making it ripe for expansion.

Supplemental Benefits Breakdown

- Traditional Supplemental Benefits:



- **Dental:** Routine dental coverage is a traditional benefit that is available in 99% of MA plans. This coverage typically includes preventive services with in-network dentists for a \$0 co-pay. Some plans may offer different variations including diagnostic services and comprehensive coverage.



- **Vision:** Routine vision coverage is also a traditional benefit that is included in 99% of MA plans. Vision coverage includes routine eye exams, contacts, eyeglasses, and fitting for contacts and frames. Plans may vary with extent of coverage and level of comprehensiveness.



- **Hearing:** Routine hearing exams are a traditional and common benefit of most all MA plans. 97% of all MA plans include hearing examinations and tests. 88% of all MA plans provide coverage for hearing aids. Based on different

premiums and costs, plans can vary based on how much they cover.



- **Fitness:** Fitness coverage is also a traditional benefit of MA plans. 94% of all MA plans include some type of fitness benefit coverage. Typically, these plans include coverage towards gym memberships, wellness events, or local health programs.

- **Examples of Expanded Supplemental Benefits:**



- **Acupuncture:** Coverage of acupuncture treatment is a non-traditional benefit. It is being added into more and more plans as the years progress. This coverage typically includes appointments and routine treatments involving the standard practice of inserting fine needles into the skin to help alleviate pain or cure disease.



- **Transportation:** Coverage through transportation assistance is a non-traditional benefit that has increasingly become more common over the past 5 years. This coverage typically offers rides to and from doctor appointments, health-related matters, and self-care appointments. The transportation itself is only covered if it involves easing or bettering a person's ability to be healthy.



- **Home-based Palliative Care:** Coverage that provides help and support to seriously ill patients. This coverage includes providing medicines, improving quality of life, and easing pain or discomfort of an ill person.



- **Meals:** This type of coverage is a non-traditional benefit coverage that makes a direct impact on the efficiency and health of people. This coverage provides pre-made meals

that are directly delivered to patient's homes, and typically covers patients that have a hard time being mobile.



- **Nutrition:** This type of non-traditional benefit coverage has also seen increases in popularity recently. Typically, this covers someone's general education and nutrition counseling from a practitioner such as a dietician.



- **Telehealth:** This type of supplemental benefit has seen the largest growth use in the past 3 years of any other benefit. This type of benefit coverage includes the ability for patients to use electronic telecommunication to receive clinician contact, care, monitoring, prescription services, reminders, and education.

***Highlight on the Recent Expansion of Dental Benefits**

Within the area of supplemental benefits, there have been significant changes and efforts of expansion made in recent years. One specific area that has seen lots of growth is dental coverage. In fact, over 90% of dental plans now offer comprehensive dental benefits. This means that dental coverage is now offering more than just a simple cleaning or two. Specifically, they are offering expanded coverage that includes much more protection and care.

To be specific, over the past four years from 2018-2022, major MA providers such as Anthem, United, and Humana, have all expanded their dental plans. In fact, they have grown their plans from averaging around 3 annual dental benefits to now averaging around 6-8 annual benefits. Within these expansions, many providers are now offering benefits that increase engagement and benefits that help prevent future dental issues. For example, instead of offering just a simple dental cleaning, plans are now expanding to offer patients treatment such as restorations, crowns, dentures, and

root canals. These expansions make MA plans very competitive with commercial plans. Prior to the MA expansion, the only route to many dental treatments was through commercial plans or through out-of-pocket expenses. Now with the expansion of coverage, many patients have access to unique dental treatments at more affordable costs.

Through this recent expansion of MA dental plan benefits, several direct studies have shown this expansion is having positive impacts on patient savings and on patient health. In fact, a study done by Cigna has shown that patients who have received preventative dental care over the past 5 years have seen a 31% decrease in dental care costs. This means patients that receive expanded dental care end up saving money due to a decrease in the need for expensive procedures in the future. An increase in savings is a direct benefit seen by the expansion of dental coverage. Another benefit seen from this expansion deals directly with the number of emergency room visits for patients with chronic conditions. Seen in the same Cigna study, patients that have received preventative dental care over the past 5 years have had significantly less emergency room visits. In turn, these patients have received an average savings of 13.6% on their entire medical care costs.

With MA dental plans expanding to include cleanings and furthered treatments such as restorations, they will soon gain even more attraction than ever before. In fact, dental benefits within MA plans are expanding so much that they are on track to soon be better and more effective than the average commercial plan. This is a big win not only for dental benefits but for supplemental benefits as a whole. The overall market of supplemental benefits is expanding and becoming more effective, and it is becoming apparent in all areas of MA benefits.

SSCBI Category

Another large area of growth amongst supplemental benefits has been in the field of Special Supplemental Benefits for the Chronically Ill. 2020 was the first year that these special supplements were even available for chronically ill patients.⁹ SSCBI is a category of supplemental benefits that is only offered to a specific and eligible crowd of Medicare Advantage patients. In order to qualify you must meet these requirements, (1) have one or more complex chronic conditions, (2) be at high risk for hospitalization or adverse health outcomes and require intensive care coordination. With this program, a whole new set of benefits are opened and offered.¹⁰ The SSCBI benefits are much more tailored to specific people with individualized illnesses. This category of benefits was made in order to better address health issues and provide the best possible healthcare for the chronically ill.

SSCBI has seen significant growth since it started. From the year 2020 to 2021, the amount of MA plans offering SSCBI has grown from 5% to 15%.¹⁰ Due to Covid19, the SSCBI plans involving benefits towards food delivery and special needs assistance have seen the highest amount of use.¹⁰ It is also important to mention that according to the CDC, out of all Medicare patients, 68.4% have 2 or more chronic conditions and 36.4% have 4 or more chronic conditions.¹¹ This means that roughly 2/3 of all Medicare and Medicare Advantage patients are eligible for SSCBI. This equivalates the SSCBI market size to be right around 44 million eligible patients. With a niche benefit plan such as SSCBI unlocking a new and big market, there is bound to be extreme growth in this sector soon.

***Top 5 Most Popular SSCBI Plans**

Most Popular SSBCI in Plan Year 2021	Number of Plans Offering in 2020	Number of Plans Offering in 2021	Percent Increase
Meals (beyond limited basis)	71	387	↑ 445%
Food and Produce	101	347	↑ 244%
Social Needs Benefit	34	227	↑ 568%
Pest Control	118	208	↑ 76%
Transportation for Non-Medical Needs	88	177	↑ 101%
Total Number Of Plans Offering SSBCI	267	942	↑ 253%

Note(s): 'Plan' defined as the combination of a Contract Number, Plan ID, and Segment ID.

Source: ATI Analysis of CMS PBP files, includes employer plans, excludes PDPs, MMPs, Part B-only plans, and PACE.

When choosing specific MA plans and benefits, it is important to understand that there are many different options which include and offer a variety of benefits. Specifically, there are four main types of MA plans. This includes Health Maintenance Organization (HMO) Plans, Preferred Provider Organization (PPO) Plans, Private Fee-for-Service (PFFS) Plans, and Special Needs Plans (SNPs).¹²

Health Maintenance Organization (HMO) Plans are plans that cover basic services and care through providers within a defined network. While having this plan, a patient must get all their care from the MA defined network unless it involves emergency care or out-of-area urgent care. According to GoodRx Health, of the 26 million Americans enrolled in Medicare Advantage, around 16 million of them have a HMO Plan.¹³

Preferred Provider Organization (PPO) Plans are plans that are offered by a private insurance company. These plans charge you less for using their own private network of doctors, providers, and resources. However, people with this plan can still use alternate care and services outside of the network, it will just cost more. Around 1/3 of people with MA have a PPO plan.¹³

Private Fee-for-Service (PFFS) Plans are offered by private insurance companies, and they may or may not be network based. The plans themselves have a unique cost, and they determine their own options of doctors and healthcare providers. This plan is far less common than the other two mentioned above.¹²

Special Needs Plans (SNPs) are unique plans that are specifically offered to members with specific diseases or characteristics. These plans are tailored to meet and help with the specific needs and benefits of patients with chronic illnesses. Around 4 million MA patients are enrolled with this plan.¹³

With all these different plans, there are a variety of different supplemental benefit options that go with each specific one. Based on a patient's certain location, their access to specific types of supplemental benefits will vary. For example, in Tennessee, there are 112 different Medicare Advantage plan offerings. Depending on someone's county, a patient on average might have anywhere from 30-45 different plan options. Ex. Williamson County, TN offers 41 MA plans.¹⁴ To give a more insightful look at a specific example, out of all MA plans in Tennessee, these five insurance

companies offer plans - Aetna, Anthem Blue Cross Blue Shield, Cigna, Humana, and UnitedHealthcare. Within each of these insurance companies, they offer varied plans and varied supplemental benefits within all their plans.¹

***Comparison of Supplemental Offerings in a Tennessee Aetna MA plan vs. a Tennessee Anthem MA plan**

Aetna Benefits:

- Resources for Living concierge service
- 24/7 nurse line
- SilverSneakers Fitness membership
- Prescription home delivery
- Dental
- Vision
- Hearing
- Over-the-counter allowance
- Telehealth
- Meals program
- 24/7 nurse line
- Healthy Home Visit program

Anthem Benefits:

- Dental
- Vision
- Hearing
- Wellness program
- Transportation
- Telehealth
- Over the counter drugs
- Emergency response device
- In-home help

Mapping the Industry of Supplemental Benefits

Case Study: Food Smart

Foodsmart is a company that has fully taken advantage and capitalized on the supplemental benefits industry over the last decade. The supplemental benefit that they focus on is nutrition. Founded in 2010, Foodsmart is a digital nutrition platform that uses personalized dietary and nutrition recommendations in order to improve health outcomes. Foodsmart offers a tele-nutrition program which works in conjunction with their own healthy food marketplace. Throughout their unique telehealth experience, they offer registered dietitian services and tailored meal planning tools. They integrate nutrition counseling and dietary assessments with online food ordering and cost-effective meal planning. As a quick breakdown of the process, a patient will meet with a registered dietician via telehealth, create an individual meal plan, get food delivered to their door, and participate in monthly diet check-ins. Foodsmart offers a simple way for patients to accomplish health goals through a personalized experience.

In terms of the MA plan industry, Foodsmart serves as a prime example of a successful supplemental benefit company. Foodsmart thrives off their ability to work with and help patients with MA plans. As of July 2022, in over 10 rounds of Venture funding, Foodsmart has raised \$104.8m worth of funding. This has helped them grow tremendously over the past decade, and they have now helped over 1.5 million users. Foodsmart is being used across 4 of the 5 largest health plans in the United States, and they have been involved with over 20% of all Fortune 500 companies.

Relevant Companies that deal with Supplemental Benefits:

In Home-Support Services



CareBridge is a provider of technology and services that assists health plans and states in caring for individuals receiving long-term support services. CareBridge's services include electronic visit verification (EVV), data aggregation, 24/7-member support and benefit management.



CareBridge solutions offer efficiencies for states, health plans and providers, and security and peace of mind for people receiving services and their families.



CareBridge was launched by Brad Smith in 2020. It is designed to care directly for elderly or disabled Americans who receive medical or support services in their home.



Raised several Venture Rounds spanning from 2018-2022. Most recently raised \$140m in 2022 headed by lead investor Oak HC/FT.



<https://www.carebridgehealth.com/>
Nashville, TN



MyNEXUS offers comprehensive home-based nursing management to health insurers, providing integrated clinical services to some 1.7 million Medicare Advantage beneficiaries in 20 states.



myNEXUS is a post-acute benefits management company focused on connecting individuals to intelligent care and delivering independence at lower costs.



myNEXUS places an emphasis on their benefit service that provides at home care and enables individuals to live healthier lives.



Raised an estimated \$31.7m from 2014-2020. Acquired by Anthem in 2021 for north of \$800m.



<https://www.mynexuscare.com/>
Brentwood, TN

Meal Plan/Nutrition



Season Health is a platform that offers personalized nutrition planning for consumers. It integrates technology with advice from users' registered dietitians to help them get more out of their nutrition and make the most out of mealtime every day.



Season's platform recommends what to eat for breakfast, lunch, and dinner based on nutritional needs, food preferences, and budget.



Unhealthy diets are at the root of 85% of US healthcare costs from heart disease, stroke, and diabetes. Season Health empowers plans to administer scalable, population-wide food benefits management programs.



Raised an initial Seed Round in 2020 and another one in 2021. Recently raised a \$34m Series A round led by Andreessen Horowitz.



<https://www.seasonhealth.com/>
Austin, TX



ModifyHealth is a meal delivery service that changes lives by making food as medicine simple and sustainable.



ModifyHealth helps outcomes and costs for chronic conditions such as diabetes, heart disease, kidney disease, irritable bowel syndrome (IBS), and related GI issues.



ModifyHealth also provides dietitian coaching, support, and remote patient monitoring to ensure sustained benefits.



Raised several rounds of funding including a \$2m Series A round in 2020 led by Nashville Capital Network.



<https://modifyhealth.com/>
Alpharetta, Georgia

Transportation



SafeRide Health is rebuilding medical transportation to reduce patient risk and streamline care coordination for the 3.6 million Americans that miss medical appointments.



SafeRide's technology provides end-to-end data transparency while improving patient experience, population health, and program efficiency.



The lack of quality public transit or cars causes tons of missed medical appointments every year ultimately costing the healthcare system an estimated \$150 billion.



Raised a pre-seed in 2016, a \$2.8m seed round in 2017, a Series A led by Fresenius Medical Care in 2019, and a \$27M Series B led by Sands Capital Venture in 2021.



<https://www.saferidehealth.com/>
Los Angeles, CA

Caregiver Support



Wellthy is a caregiving support service that helps aid families with complex, chronic, and on-going needs.



Wellthy is transforming family care through personalized care support that you can control from an online dashboard.



Specifically, Wellthy connects families with a Care Coordinator who helps figure out and solve the administrative and logistical healthcare tasks for loved ones.



Raised a total of \$52.5m including a recent Series B round for \$37.2m in 2021 led by Rethink Impact.



<https://wellthy.com/>
New York, NY



Carallel provides a comprehensive caregiver support solution. Carallel is proven to significantly reduce caregiver stress while improving confidence in care decision-making.



Carallel blends comprehensive, always-on digital support with compassionate, on-demand guidance from a team of expert Care Advocates.



Carallel offers MyCareDesk which is a unique blend of digital tools with personal guidance from trusted senior care expert. It features tools and information across multiple channels.



Raised < \$5m in overall company funding.



<https://carallel.com/>
Lake Forest, Illinois

homethrive

Homethrive is a technology-enabled healthcare service company that reduces work, worry, and stress for unpaid family caregivers, their loved ones, and their employers.



They offer a digital assistant, Dari, which helps with coaching, navigation, personal interaction, and resources in order to help ease the process of caring for aging or special needs loved ones.



Family, or unpaid caregivers, and their loved ones are able to get the help and support they need in order to confidently maneuver the aging, eldercare, and special needs journeys.



Raised \$38m since 2020. Recently raised \$20m in 2022 in a Series B round led by Human Capital & 7Wire Ventures.



<https://www.homethrive.com/>
Northbrook, IL

Wellness Programs



SilverSneakers is a health and fitness program designed for adults 65+. Members can access live online fitness classes, watch pre-recorded workouts from an on-demand video library, and take fun exercise classes designed for seniors of all fitness levels.



SilverSneakers offers a variety of fitness classes and workouts for MA members including high intensity dancing, yoga, cardio, weight-lifting, and balance.



They have two programs, SilverSneakers signature and SilverSneakers BOOM™. The boom version consists of shorter classes to help fit everyone's personal comfort level.



SilverSneakers is owned by Tivity Health. Tivity Health went public in 1991, and they were recently acquired in 2022 for \$2b by Stone Point Capital.



<https://tools.silversneakers.com/>
Nashville, TN

Acupuncture



Clever Care Health Plan is a healthcare company that offers Medicare advantage health plans to its members. Clever Care Health Plan offers culturally sensitive health care solutions that provide members better access to the services they need; in the language they understand.



Clever Care Health Plan is committed to delivering care with a focus on preventative treatments through integrating Eastern and Western medicine.



Clever Care has plan options with \$0 monthly premium with flexible health & wellness options. Clever puts a big emphasis on their unlimited acupuncture treatments.



Raised a 2019 Seed round and a 2020 Series A round. Recently raised \$71m in a 2021 Series B round led by Health Velocity Capital.



<https://clevercarehealthplan.com/>
Westminster, CA

Problems with Implementation

Supplemental benefits have a very bright future due to their expansion in recent years. In 2019, CMS broadened all MA supplemental benefits to even include benefits that are not directly medical related.¹⁶ This has universally been praised by all MA members. However, there have been several issues and constraints associated with the implementation and adoption of all the new benefits.¹⁵

Per a study from the Duke Margolis Center for Health Policy, one issue that some MA plans have faced is dealing with trade-offs as they decide which of the many valuable supplemental benefits to offer in relation to their funding, which can be scarce and spread thin across all types of benefits that can be offered.¹⁷ Some plans have decided to swap traditional benefits like hearing or dental services with new wellness programs. Other MA plans are pushing hard to receive the best possible STAR ratings in order to maximize their bonuses.¹⁷

Another issue with implementation deals with finding and contracting with organizations and companies that actually offer non-medical supplemental benefits. CMS has opened a new sector of benefits, but there are simply not enough organizations to cover the demand. Many of these supplemental options such as meal delivery and transportation are now available, but there are not enough companies backing and offering them.¹⁷ There are not many solutions to this issue other than time and continued growth. Supplemental benefits are an evolving industry of healthcare, and there are bound to be more companies that disrupt this space and take on the demand.

A third issue with implementing new supplemental benefits deals with access across all locations. Rural areas with smaller populations have much less access to MA resources and services in comparison to populated urban areas. Consequently, this means that community-based organizations and services are extremely scarce in rural areas. In turn, this makes it hard to offer almost any type of non-medical benefit to rural areas without facing obstacles such as extremely long travel times.¹⁷ Finding and

inserting more benefit focused organizations and services across all rural areas will most definitely be a top priority of plan leaders as time continues.

Future of Supplemental Benefits

Supplemental benefit plans are increasingly becoming more and more popular, and the number of benefits continue to expand. The market and opportunity for supplemental benefits is extremely ripe. For a multitude of reasons, supplemental benefits will continue to accelerate and expand in the future.

First, it is important to mention that, in comparison to 2021, substantially more MA plans are offering benefits in 2022.¹⁸ On top of that, many supplemental benefits previously offered in 2021 saw a large increase in the amount of plans they are now available in for 2022. Four specific benefits that saw drastic increases in MA plan offerings are meal plans, nutrition, transportation, and in-home support services. In 2021, meal plans were offered by 55% of all plans, and now in 2022 68% of plans offer them. For nutrition benefits, in 2021 17% of all MA plans offered them, and now 30% of plans offer nutrition benefits in 2022. Transportation benefits have increased from 36% in 2021 to 39% in 2022. Finally, in-home support services saw an increase from 6% in 2021 to 11% in 2022.¹⁸ These four supplemental benefits are prime examples of what the current supplemental benefits market looks like as a whole. With the expanding Medicare Advantage market, the growth of companies and revenue within the supplemental benefits space is inevitable.

*** Recent Growth Seen in Supplemental Benefit Options from 2018-2020**

Medicare Advantage Plan Offerings of and Enrollment in Expanded Supplemental Benefits, 2018–2020

Supplemental benefit type	Percent of plans offering (Number of plans offering)			Percent of beneficiaries enrolled (Number of beneficiaries enrolled)		
	2018	2019	2020	2018	2019	2020
Acupuncture	11% (251)	16% (430)	20% (611)	16% (2,080,596)	21% (3,033,724)	23% (3,580,201)
Adult day care	0% (0)	0% (0)	1% (42)	0% (0)	0% (0)	3% (388,469)
Community-based services	0% (0)	0% (0)	2% (74)	0% (0)	0% (0)	3% (445,522)
Home-based palliative care	0.09% (2)	0.37% (10)	2% (52)	0% (63,066)	1% (87,269)	9% (1,328,190)
Home modifications	6% (132)	7% (189)	10% (304)	4% (489,610)	6% (851,254)	2% (366,341)
In-home support services	8% (170)	15% (404)	16% (490)	6% (739,704)	16% (2,230,836)	19% (2,875,219)
Meals	20% (460)	39% (1,047)	46% (1,443)	22% (2,796,594)	40% (5,657,753)	45% (6,916,861)
Medically approved nonopioid pain management	1% (19)	1% (37)	1% (22)	5% (683,193)	6% (799,336)	5% (797,584)
Nutrition/Wellness	16% (353)	16% (432)	17% (541)	17% (2,248,621)	18% (2,617,277)	20% (3,134,904)
Support for caregivers of enrollees	0% (0)	14% (374)	2% (52)	0% (0)	24% (3,396,801)	2% (351,828)
Telehealth	7% (153)	6% (173)	59% (1,854)	5% (675,348)	6% (812,024)	73% (11,176,784)
Transportation	19% (423)	28% (768)	35% (1,091)	21% (2,775,728)	32% (4,562,542)	34% (5,243,867)

 [Download data](#)

* Analysis includes only beneficiaries enrolled in MA plans offering Part D drug coverage, excluding Employer Group Waiver Plans.

Source: Thomas Kornfield et al., *Medicare Advantage Plans Offering Expanded Supplemental Benefits: A Look at Availability and Enrollment* (Commonwealth Fund, Feb. 2021). <https://doi.org/10.26099/345k-kc32>

Another reason that supplemental benefits have a promising future has to do with funding and STAR ratings. To provide some background, for most MA plans to implement supplemental benefits, they need resources and funding. It costs lots of money and effort for plans to implement organizations that can serve thousands and thousands of MA patients. Therefore, one of the main ways to increase plan funding is by securing bonuses through plan STAR ratings. Generally, plans that receive 4 or more STAR's receive higher payments than other plans. Luckily for most MA plans, in 2022, STAR ratings have skyrocketed for almost all of them. In fact, nearly 70% of plans in 2022 have a STAR rating of 4 or more STAR's.¹⁸ This makes all these MA plans prime candidates for bonus funding. Ultimately, this is very good news for the supplemental benefit industry. With increased funding and higher STAR ratings, it is guaranteed there will be more organizations and resources put into place to ensure supplemental benefits continue to grow and expand.

Conclusion

Supplemental benefits are a niche market of healthcare that has seen unmatched growth in recent years. CMS's 2019 decision to allow supplemental benefits to be medical related as well as non-medical has opened the market opportunity more than ever before. The recent skyrocket in benefits usage fueled by a highly expanded amount of plan offerings makes them one of the top healthcare markets for disruption.

Regarding the expansion of this market, one important piece to highlight is the improvement constantly being made within MA plans in order to make supplemental benefits more tailored to individual needs and problems. As mentioned previously, in 2020, for the first time ever, SSCBI was offered in most plans across the country. SSCBI is a plan that offers benefits directly tailored to individuals with chronic conditions, and this specifically helps people who might not have heavily benefitted from standard supplemental benefits. Common conditions that are tailored in these types of categories are diabetes, behavioral disorders, chronic obstructive pulmonary disorder, and congestive heart failure.¹⁹ This directly tailored style of benefits has proven over the past several years to be extremely effective and helpful. A more individualistic and direct approach to conditions allows everyone to receive top notch care and attention based on their specific needs. The addition of SSCBI has expanded supplemental benefits, made them more effective, and given them a more useful purpose.

Another important element of this market to look at is the extensive list of primarily non-medical supplemental benefits that have been added to MA plans in just the last few years. When these benefits were first rolled out, routine checks for dental, vision, and hearing were the only three benefits available. However, as of the past several years, relevant and innovative benefits dealing with nutrition help, caretaker support, meal plans, transportation services, and wellness programs have

been added. These additions have attracted more businesses to the market and opened a myriad of opportunities for existing companies to expand into.

With the addition of so many benefits and options, the growth in the supplemental benefit industry is inevitable. Over the next decade, there will undoubtedly be a massive amount of growth seen in this niche industry of healthcare. With this growth, many more startups will likely enter this space. Not all of them will succeed, but disruption in the industry is bound to be caused, and money will be made. Supplemental benefits are a promising market that is ripe for disruption and ready for investment.



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