

Today most plans in the Medicare Advantage space offer some form of an Over-the-Counter (OTC) benefit. This allows individuals to receive select items such as cold medicine, vitamins, and more at no extra cost. Plans typically offer a fixed budget of dollars for members to spend that renews on a monthly, quarterly, or annual basis. Offering a competitive OTC benefit for your select market can be fundamental to achieving plan growth and can even help manage medical costs.

What can Members buy with their OTC Benefit?

Items included within the OTC benefit vary greatly from plan to plan.

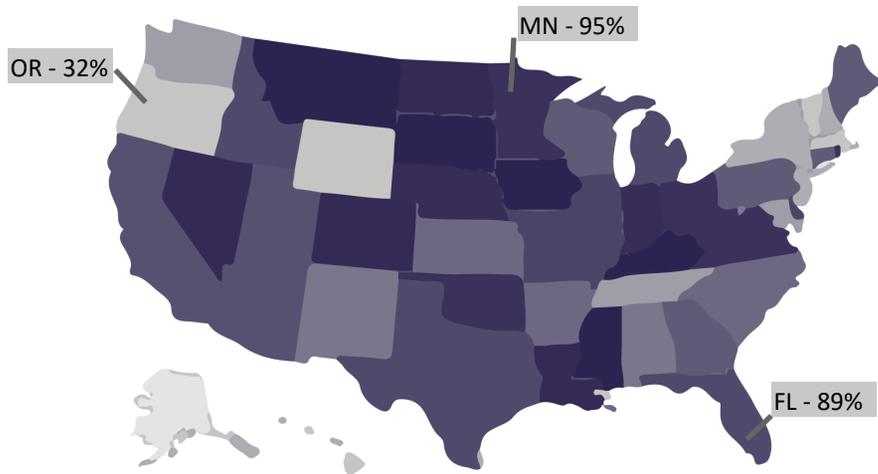
POPULAR ITEMS TYPICALLY AVAILABLE



What plans should offer OTC benefits?

Aggregate OTC allotment and benefit prevalence varies significantly by region, product and SNP type. The heat map below shows the prevalence of OTC benefits by state. Although the percent of members with an OTC benefit does vary, there is no overarching trend by region.

PERCENT OF MEMBERS WITH AN OTC BENEFIT

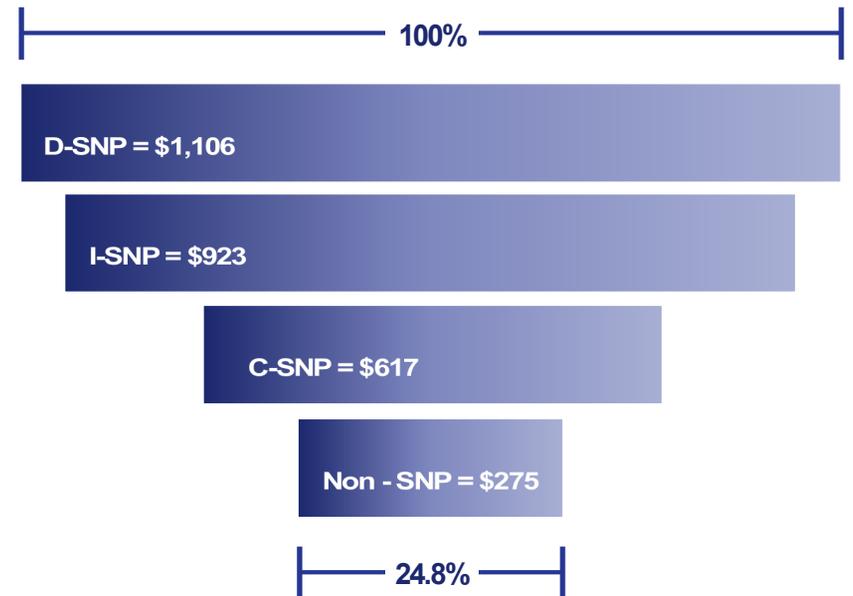


How much OTC credit should I be offering?

OTC benefits do vary significantly by plan type. Special needs plans for individuals who are dually eligible for both Medicare and Medicaid on average have an annual OTC allotment that is four times that of non special needs plans. Plans for Chronically Ill individuals have OTC allotment annually that is twice that of non special needs plans.

Benefit frequency also varies for OTC benefit. The most common frequency offered is quarterly. However, a higher percentage of DSNP plans opt for monthly benefits. This may be because individuals who are dual eligible are able to move from plan to plan as long as they retain their Medicaid Eligibility. If a plan has quarterly benefits, the member could use their full allotment and then switch to another plan for a new quarterly OTC stipend. Monthly benefits minimize this potential additional cost for the plan.

AVERAGE ANNUAL OTC ALLOTMENT



How have OTC benefit offerings changed over time?

As one of the most popular offered supplemental benefits in the MA space, there has been a consistent increase each year in both the prevalence of plans offering OTC benefits and the richness of the benefit offered.

Specifically, Dual-eligible special needs plans (DSNP)—plans offering coverage to individuals eligible for both Medicare and Medicaid—have increased the amount of allowance being offered. This implies that members who want it, have had it for some time - however, plans need to keep pace with offerings in market.

OTC - BENEFIT AND MONTHLY ALLOWANCE

