

Medicare Advantage to Address Social Determinants of Health: An Important Step for Value-Based Care

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On April 4, 2018, the Centers for Medicare & Medicaid Services (“CMS”) finalized guidance and policies for the Medicare Advantage program that will expand the supplemental benefits afforded to beneficiaries to include items and services that address certain “social determinants of health” (“SDOH”). SDOH refers to a wide range of factors and conditions that are known to have an impact on healthcare, ranging from socioeconomic status, education and employment, to one’s physical environment and access to healthcare. Previously, CMS did not allow an item or service to be eligible as a supplemental benefit if the primary purpose was for daily maintenance. CMS’ reinterpretation of the statute to expand the scope of the primarily health-related supplemental benefit standard is an important step in encouraging value-based care.

This latest development aligns Medicare Advantage with commercial payors and states across the country that recognize the importance of addressing SDOH in achieving better health outcomes and lower costs. Specifically:

- CMS is [reinterpreting](#) the existing standards for supplemental benefits to include additional services that “increase health and improve quality of life, including coverage of non-skilled in-home supports and other assistive devices.”
- CMS is expanding the definition of [“primarily health related”](#) to permit supplemental benefits that “compensate for physical impairments, diminish the impact of injuries or health conditions, and/or reduce avoidable emergency room utilization.”
- In connection with the adoption of a new category of supplemental benefits available to chronically ill enrollees under the Bipartisan Budget Act of 2018, CMS notes on pages 161-162 of its [final rule](#) that, effective 2020, it will be “possible for certain offerings to address issues beyond a specific medical condition, such as social supports.” CMS has cautioned, however, that the basis for offering the new benefits “may not be based on conditions unrelated to medical conditions, such as living situation and income.”

As a result of this final rule, Medicare Advantage plans will have greater flexibility to expand existing coverage to address SDOH.

Insurance coverage for services that address SDOH is not new, but rather is part of a growing evolution towards promoting value-based care and population health management.

In the context of [Medicaid managed care](#), for example, CMS has emphasized the importance of: (i) alternative payment models to incentivize investments in routine screening for health influencers such as domestic abuse, poor living conditions, and food security, (ii) home-based community service programs, (iii) care coordination, and (iv) coverage for nontraditional ancillary services such as nutrition classes and peer-support services for individuals with substance abuse disorders.

The Center for Medicare and Medicaid Innovation has also encouraged states participating in 1115 Waiver Programs to improve population health through addressing SDOH. [Several states](#) have adopted meaningful programs designed to address SDOH, either through Medicaid managed care or otherwise. [New York State](#), for example, has adopted a comprehensive plan aimed at employment and employee benefits, community-based preventative services, transportation, education, housing, nutrition and job training as part of its Medicaid Redesign Initiative to address SDOH.

Private payors have also joined the ranks. Most recently, a coalition of commercial payors and other healthcare organizations launched [Aligning for Health](#) (AFH), which is exploring and advocating for the integration of social service programs into the health care system to improve health outcomes. AFH stakeholders have cited research that suggests social factors including access to healthy food, safe housing, and financial security account for nearly 70 percent of all health outcomes.

More than 80 percent of payers are integrating SDOH into their benefit programs and initiatives, according to a new [survey](#) released by Change Healthcare. For instance, [Aetna's Healthiest Cities and Counties Challenge](#) is providing \$1.5 million to small and mid-sized U.S. cities and counties as well as federally recognized tribes which will compete over the course of several years to develop practical, evidence-based strategies to improve measurable health outcomes and promote health and wellness, health equity, and social interaction.

In addition to improving access to social problems to address SDOH, many industry experts have underscored the importance of using technological tools to aggregate SDOH information, combine it with clinical information, and through data analytics predict those patients that would be at greater risk for noncompliance, adverse events, and generally worse outcomes. Effectively harnessing patient-reported data and incorporating it into the clinical analysis could serve to further decrease healthcare costs and improve quality of care through early intervention programs. Further, tracking SDOH could help to identify areas of greatest need, which is what Carolinas Healthcare and Novant Health, competing North Carolina health systems, have done through a partnership using [Quality of Life Explorer](#). Through this partnership, the systems tracked SDOH using a mapping application to identify areas of “care deserts” where transportation issues prevented people from accessing needed services. Primary care practices were then placed in those areas of high need.

The recent developments in Medicare Advantage ultimately are not as extensive as Medicaid managed care or the commercial offerings that are on the market today, and CMS even goes so far as to expressly exclude income and living situation as bases for offering the new category of supplemental benefits created under the Bipartisan Budget Act of 2018. CMS' rule has also been [criticized](#) for tipping the scales in favor of Medicare Advantage and leaving those covered under traditional Medicare at a disadvantage.

Nonetheless, Medicare Advantage's foray into SDOH is an important (and perhaps inevitable) step in the national evolution towards value-based care.

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