SUMMARY OF THE VALUE & INNOVATION FORUM
Sustaining Access & Choices: Exploring Risks & Benefits of Traditional Medicare and Medicare Advantage Plans

MEDICARE OPEN ENROLLMENT SEASON IS Oct 15 – Dec 7, 2020

Just in time for Medicare's upcoming Open Enrollment period, the Value & Innovation Forum held a briefing on October 6, 2020 on the benefits and risks of traditional Medicare versus Medicare Advantage (MA).

John Clymer, Executive Director of the National Forum for Heart Disease & Stroke Prevention kicked off the briefing noting the significant uptake of MA plans. Last year, 22 million people were enrolled in an MA plan, and by 2029, 47% of Medicare beneficiaries are expected to be enrolled in one.

With the advent and acceleration of MA plans, people turning 65 years old have more choices. Panelists noted that it is difficult to make an informed choice among all of the offerings, and the vast majority of beneficiaries tend to stick with their initial decision because of that.

Traditional Medicare. Judy Stein, JD, Executive Director of the Center for Medicare Advocacy, described traditional Medicare as a "[social] insurance model" designed to cover some, but not all, health care needs. Taxpayers pay into this system to receive benefits later in life. To avoid penalties and/or gaps in health coverage, people turning 65 must sign up for both Medicare Part A and B (hospital and medical insurance respectively). To cover the cost of prescription drugs, people will also need to choose a Medicare Part D plan. Because Medicare covers some, but not all, health care-related costs, Stein noted that individuals tend to be best served with a Medicare Supplement or "Medigap" plan. Medigap plans are private insurance plans that can help patients manage & plan spending as they cover certain out-of-pocket costs like co-insurance or co-pays.

MA Plans. Instead of traditional (or "original") Medicare, individuals may opt for an MA plan. Tricia Neuman, ScD, Senior VP of the Henry J. Kaiser Family Foundation (KFF) noted that although part of the "Medicare architecture, " MA plans are private health plans, such as HMOs and PPOs. They offer "one-stop-shopping" for all Medicare needs, in that they typically include Part D prescription drug coverage, in addition to all other Medicare-covered benefits, such as hospital and medical coverage. Medigap is not available to supplement MA plans. While MA plans can offer added benefits not provided in traditional Medicare (e.g., dental, gym memberships, in-home care, meal delivery, transportation, etc.), Neuman advises, "read the fine print" to determine the extent to which these additional benefits are covered and what restrictions apply.

Comparing Traditional Medicare vs. MA Plans. Summarized in the chart below from Neuman, some of the following points were raised:

Unlike traditional Medicare, provider choice and prior authorizations/re-authorizations in MA plans can be barriers to care for older people, people with disabilities, and for those with complex and/or chronic conditions. Michael Bagel, Director of Public Policy for the Alliance of Community Health Plans (ACHP), pointed out that newer Medicare beneficiaries rolling off employer- or Exchange-based insurance are already familiar with HMO- and PPO-based plans.

Neuman clarified a new and important change in the law that prevents Medigap plans from providing new beneficiaries "first dollar coverage." Prior to January 1, 2020, the very first dollar of out-of-pocket costs was covered by Medigap plans. However, starting this year, newly enrolled beneficiaries must now pay the traditional Medicare plan's Part B deductible ($185 in 2020) on their own prior to the start of Medigap coverage. Many Medigap plans cover the full Part A deductible which is $1,408 in 2020.

Neuman cautioned patients to look beyond just the costs of premiums when comparing Part D or MA plans. "Premium comparisons are an oversimplification," she said. For example, once there is an in-patient hospital stay that lasts longer than three days, one is likely to pay more out-of-pocket with an MA plan than with traditional Medicare. Stein added that longer hospital stays and complex health care needs tend to arise with age, so plan choice should not be based solely on one's current health, but on anticipated and unanticipated health care needs. This was an interesting point in light of recent news reports that Medicare-eligible consumers do not understand that they are guaranteed a Medigap policy when they are *first eligible* for Medicare, but in 46 states, they cannot count on getting a Medigap policy if they initially choose an MA plan and later wish to switch, if they have a pre-existing condition.

Bagel reiterated that there is growing interest in MA plans, noting that every state in the country now has people enrolled in these plans.

Bagel's organization, ACHP, represents non-profit MA plans that are highly rated. All MA plans are not equal. Bagel addressed plan ratings and the need to choose one's MA plan carefully. He said ACHP members' plans focus on preventive care and decreasing future medical costs. He cited MA plans' clinical successes: 30% fewer avoidable hospitalizations, 33% fewer emergency room visits, and 73% of enrollees less likely to have diabetes. He added that the cost of certain drugs is also a consideration, citing at least one ACHP member plan providing insulin at $84 per year.

Debated issue: Coordinated care and Capitated rates. Panelists sparred a bit over capitated payments, a fixed amount of money per patient per unit of time, paid in advance to the provider for the delivery of health care services. Bagel emphasized that traditional Medicare is volume-based and asserted that, by contrast, capitated payments in MA plans promote high levels of coordinated care. Stein countered that studies have shown high levels of coordinated care can be achieved through traditional Medicare, especially if a beneficiary has an established primary care provider.

Policy changes sought for traditional Medicare. Advocates are seeking changes in traditional Medicare that include limits on out-of-pocket costs; coverage of dental, vision and hearing care; increased coverage for those with lower incomes; and an easier enrollment process.

"The Devil is in the Details." All panelists recommended contacting a State Health Insurance Program (SHIP) representative to help them understand important details related to their individual circumstances when choosing a plan. Other resources include Medicare's Drug Finder and Health Care Locator websites.

Reference for Comparing Traditional Medicare versus Medicare Advantage

	TRADITIONAL MEDICARE	MEDICARE ADVANTAGE
Provider choice	Extreme flexibility – any provider that accepts Medicare (the vast majority do)	HMO or PPO based – pay more for out-of-network providers
Prior-authorizations and re-authorizations for specialists and specialty services or tests	Generally no – few restrictions	Yes
Part D (prescription drug coverage)	Separate; offered by private sponsors – but flexibility in plan choice	Generally included
Premiums	Tend to be higher	Tend to be lower with a continuing downward trend
Out-of-pocket caps for services covered under Medicare Parts A and B	No; many people in traditional Medicare have supplemental coverage, such as Medigap, which provides greater financial protections	Yes – generally offered, but the cap can be set high
Out-of-state medical coverage for those who travel frequently	Yes	Generally restricted in terms of geographic coverage and varies widely from state to state
Routine dental, hearing, and vision coverage	No	Yes – generally offered, but vary and often with limits
Quality ratings	No – just the standard plans are offered	Yes – may be used to choose among Medicare Advantage plans as there are many plans from which to choose
Ability to switch plans annually during open enrollment	Easy to switch to a Medicare Advantage plan	Easy to switch to traditional Medicare during the open enrollment period; however, if a person has a pre-existing health condition(s), they may not be able to purchase Medigap in many states.

About the Value & Innovation Forum

The Value & Innovation Forum is a collaboration of the National Forum for Heart Disease & Stroke Prevention and Patient Advocate Foundation, both 501(c)(3) nonprofit organizations. Briefing topics are selected by the Value & Innovation Forum Steering Committee which includes representatives of the Alliance of Community Health Plans, Association of Black Cardiologists, Caregiver Action Network, and National Osteoporosis Foundation, in addition to the National Forum and Patient Advocate Foundation.

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