Value & Innovation Forum

The Value & Innovation Forum is made possible through funding from Amgen.
Weighing the Tradeoffs of Traditional Medicare vs. Medicare Advantage

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Sustaining Access & Choices for Patients: Exploring the Risks & Benefits of Traditional Medicare & Medicare Advantage
National Forum

October 6, 2020
What is Medicare Advantage?

- An alternative to traditional Medicare
- Beneficiaries can choose to receive Medicare benefits in private plans, called Medicare Advantage plans, such as HMOs and PPOs
- Beneficiaries can choose among plans, or traditional Medicare, during an annual enrollment period
- Medicare pays private insurers a fixed amount per enrollee (with adjustments)
- Plans cover all Medicare-covered benefits (Parts A and B); most cover Part D benefits; most cover extra benefits (e.g. some dental)
- No separate financing structure (e.g. payroll tax or premiums)
Medicare Advantage enrollment is rising rapidly

Among Medicare beneficiaries with Parts A and B, about 42 percent are enrolled in a Medicare Advantage plan in 2020 (MedPAC, June 2020)

NOTE: Includes cost plans as well as Medicare Advantage plans. About 68 million people are eligible for Medicare A or B in 2020.
The Share Of Medicare Beneficiaries In Medicare Advantage Plans Varies Widely Across and Within States

Why Traditional Medicare?
• Broad choice of all hospitals and doctors nationwide; no provider networks
• Fewer restrictions, such as prior authorization requirements
• Flexibility to choose optimal Part D prescription drug plan
• Potentially lower costs & less hassle, if combined with Medigap or other supplemental coverage
• Flexibility to switch to Medicare Advantage plan annually during open enrollment period (but not back again)

Why Medicare Advantage?
• One stop shopping - no need for a separate supplement (Medigap) or Part D plan
• Most plans have an out-of-pocket limit for services covered under Medicare Parts A/B (unlike traditional Medicare)
• Supplemental premiums for Medicare Advantage plans are generally lower than Medigap (some are “zero premium plans”)
• Extra benefits, such as dental, vision and gym memberships
Medicare Advantage Trends

Most Medicare Advantage Enrollees Have Access To Some Benefits Not Covered By Traditional Medicare

<table>
<thead>
<tr>
<th>Benefit</th>
<th>In-Network (All Plans)</th>
<th>Out-of-Network (PPOs)</th>
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<tbody>
<tr>
<td>Eye exams and glasses</td>
<td>79%</td>
<td>74%</td>
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<tr>
<td>Telehealth</td>
<td>77%</td>
<td>34%</td>
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<tr>
<td>Dental Benefit</td>
<td>74%</td>
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<td>Transportation</td>
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Nearly All Medicare Advantage Enrollees Are In Plans That Require Prior Authorization For Some Services

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<td>Any service</td>
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<td>98%</td>
<td>98%</td>
<td>97%</td>
<td>92%</td>
<td>84%</td>
<td>62%</td>
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<td>Part B drugs</td>
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<td>Mental Health</td>
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<td>10%</td>
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</tbody>
</table>

Average Monthly Medicare Advantage Prescription Drug Plan Premiums

- $44 in 2010
- $40.50 in 2012
- $35 in 2016
- $33 in 2018
- $29 in 2020

Average Medicare Advantage Plan Out-of-Pocket Limits for In-Network (All Plans) and Out-of-Network (PPOs) Services

- PPOs:
  - Any service: $6,965 in 2012, $8,828 in 2020
  - SNF stays: $7,704 in 2012, $8,288 in 2020
  - Part B drugs: $8,414 in 2012, $8,828 in 2020
  - Inpatient stays: $9,073 in 2012, $8,828 in 2020
  - Ambulance: $9,037 in 2012, $8,828 in 2020
  - Mental Health: $8,828 in 2020
  - Podiatry: $4,905 in 2020
  - Preventive: $4,920 in 2020

Half Of All Medicare Advantage Enrollees Would Incur Higher Costs Than Beneficiaries In Traditional Medicare For A 5-day Hospital Stay

*Medicare Advantage Enrollee Cost Sharing, by Length of Inpatient Hospital Stay, 2020*

<table>
<thead>
<tr>
<th>Length of Stay</th>
<th>Above Traditional Medicare</th>
<th>Below Traditional Medicare</th>
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<tbody>
<tr>
<td>3 day hospital stay</td>
<td>2%</td>
<td>98%</td>
</tr>
<tr>
<td>5 day hospital stay</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>7 day hospital stay</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>10 day hospital stay</td>
<td>72%</td>
<td>28%</td>
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Part A deductible for an inpatient hospitalization: $1,408

Medicare Beneficiaries Now Have Dozens of Private Plan Choices

The Average Medicare Beneficiary Has Access to 28 Medicare Advantage Plans in 2020

In some counties, such as Los Angeles, CA and Cuyahoga, OH (Cleveland), beneficiaries can choose from among >50 Medicare Advantage plans in 2020.

Choosing wisely among dozens of Medicare Advantage plans is not easy: many factors to consider

✔ Premiums, in addition to Part B premiums
✔ Cost-sharing for inpatient care and other Medicare-covered benefits
✔ Provider networks
✔ Extra benefits
✔ Quality ratings
✔ Prior Authorization and other cost management restrictions
✔ Part D deductibles
✔ Which drugs are covered
✔ Cost-sharing or coinsurance for drugs taken
✔ Tier placement (e.g., preferred or not)
✔ Preferred pharmacies
✔ Savings/cost of mail order
In Theory, People On Medicare Compare And Choose Plans Each Year During Open Enrollment, But Relatively Few Do

“‘At our age, as we get older we learned that the grass is not really greener on the other side. We’re very cautious about changing to something else that is unfamiliar...’”

“I’ve reached the age of 78 and I’m saying to myself, ‘I’m too goddamn tired to investigate this.’”

“That’s what gets me – they wait until we retire to make it complicated.”

Fewer than 10% of all Medicare Advantage enrollees voluntarily switched plans in a given year

Medicare Resources on KFF.org

✓ An Overview of Medicare
✓ Medicare Beneficiaries’ Financial Security Before the Coronavirus Pandemic
✓ Medicare Advantage Checkup (NEJM)
✓ A Dozen Facts About Medicare Advantage in 2020
✓ Medicare Advantage 2020 Spotlight: First Look
✓ An Overview of the Medicare Part D Prescription Drug Benefit
✓ Medicare Part D: A First Look at Prescription Drug Plans in 2020
✓ The Facts on Medicare Spending and Financing
✓ No Itch to Switch: Few Medicare Beneficiaries Switch Plans During the Open Enrollment Period
✓ How Much Could Medicare Beneficiaries Pay For a Hospital Stay Related to COVID-19?

For more information, contact trician@kff.org or visit kff.org/medicare
The Center for Medicare Advocacy is a national, non-profit law organization founded in 1986 that works to advance access to comprehensive Medicare and quality health care. Based in Washington, DC and CT, with additional attorneys in CA, MA, NJ.

- Staffed by attorneys, advocates, communication and technical experts
- Education, legal analysis, writing, assistance, and advocacy
- Systemic change – Policy and Litigation
  - Based on our experience with the problems of real people
- Medicare coverage and appeals expertise
- Medicare/Medicaid Third Party Liability Projects
MEDICARE SNAPSHOT

- Medicare Program = [social] insurance model
- Pays some of the cost of some health care
  - Premiums, deductibles, cost-sharing are required of beneficiaries
- Medicare covers hospital, some skilled nursing facility, home health, out-patient therapies, physician, DME/POS, hospice
- Two means of receiving Medicare benefits
  - Traditional/Original Medicare (1965 – Universal program, adapted over time)
  - Medicare Advantage (2003 – Dozens of different private plans)
MEDICARE BENEFICIARIES

- 62+ million in 2020
  - 50% have annual incomes < $29,650
  - 25% have annual incomes < $17,000
  - 50% have savings < $73,800
  - 10% have no savings or are in debt

Kaiser Family Foundation (kff.org)
**MEDICARE BENEFICIARIES: THE NEED IS GREAT**

**Figure 1**
Characteristics of the Medicare Population

*Percent of All Medicare Beneficiaries:*

- Functional impairment (1+ ADL limitations): 32%
- Fair/poor self-reported health: 25%
- 5+ chronic conditions: 22%
- Under age 65: 15%
- Age 85+: 12%
- Long-term care facility resident: 3%

**NOTE:** ADL is activity of daily living.
**SOURCE:** KFF analysis of the Centers for Medicare & Medicaid Services 2016 Medicare Current Beneficiary Survey.
MEDICARE ADVANTAGE (MA)

• Medicare Advantage (MA) = private insurance plans that must cover at least what traditional Medicare covers
• Most are HMO model with provider networks
• MA plans are allowed to provide extra benefits
• Congress and CMS have expanded scope of what MA plans can cover, including care in the home (without homebound or skilled care requirements)
  • Caution: Very limited in practice
CHOICE?

- MA enrollment highly concentrated in plans sponsored by just a few insurance companies
  - 2020 – Most beneficiaries in plans operated by United HealthCare, Humana, or BlueCross BlueShield affiliates
- 2020 – Nearly 1 in 5 MA enrollees (20%) enrolled in MA as result of an employer group plan (e.g., retiree coverage)
- Choice is actively promoted when enrolling in Medicare/searching for and selecting a plan, but focus on choice diminishes once someone is actually enrolled in plan
  - Only ~ 10% switch from original choice
MA – NETWORK ADEQUACY

- MA Choice = Increased options re source of Medicare benefits **not** of health care providers
- Final 2021 Part C & D rule (June 2020)
  - Weakened MA network adequacy requirements
    - Reduced the percentage of beneficiaries that must reside within the maximum time and distance standards in non-urban counties from 90% to 85%
    - Provides 10% credit if plan provides certain services via telehealth
    - Removed dialysis facilities from time and distance standards (Problem for people with ESRD / needing dialysis)
MA – PRIOR AUTHORIZATION, DENIALS, APPEALS

- Increasing number of enrollees in plans that require prior authorization for one or more services from 2019 to 2020
  - From 79% in 2019 to 99% in 2020 (www.KFF.org)
- 2018 HHS Office of Inspector General (OIG) report found “‘widespread and persistent problems related to denials of care and payment in Medicare Advantage’ plans”: https://go.usa.gov/xPW2c
  - Findings include: when beneficiaries and providers appealed preauthorization and payment denials, MA plans “overturned 75% of their own denials.”
  - However, OIG found that “beneficiaries and providers appealed only 1% of denials to the first level of appeal.”
MA – QUALITY OF CARE

- *NEJM* “Medicare Advantage Checkup” (2018)
  - Evidence is mixed – e.g., generally higher rates of preventive care and screenings among MA recipients, but “[s]omewhat counterintuitively, there seems to be no difference between Medicare and [MA] plans with respect to care coordination”
  - “[s]everal studies have flagged concerns about the quality of care received by high-need, high-cost enrollees, on the basis of disenrollment rates and other measures.”
- *Health Affairs* (May 2020) - “people with greater levels of disability were more likely to switch to traditional Medicare, compared to those with lower levels […] the highest-need older adults with disability may experience lower-quality care in Medicare Advantage...”
DECISION TREE: TRADITIONAL MEDICARE OR MEDICARE ADVANTAGE

Do you want/need access to all Medicare doctors & health care providers nationwide? 

Would you be able to switch back to traditional Medicare or another MA plan? 

If you switch back to traditional Medicare, could you get a Medicare plan? 

What Medicare options can you afford? What could you afford if you get sick/injured? 

Includes almost all doctors, hospitals, providers throughout the country 

Providers usually participate year to year 

Wide choice of health care providers nationwide 

Guaranteed core benefits throughout U.S. 

Medicare Part D Prescription Drug plan – Review and choose annually 

Medicare Savings Programs to help cover Medicare cost-sharing (if you qualify financially) 

Medigap Insurance (Does your state “guarantee issue” for a Medicare beneficiary? Are there low-cost options available? Are you age 65 or older?) 

Cost-sharing and deductibles (Premiums, Deductibles, Copays) 

Out-of-pocket costs 

Choice of providers limited to MA plan’s “network” (usually your local geographic area) 

May include certain Medicare benefits (e.g. dental, vision, gym membership) 

Variation from Plan to Plan and from Year to Year – Review terms carefully 

May not have enough specialists or other providers 

You usually stay “locked in” – can’t easily switch 

Priority provider networks may choose to join or leave network at any time 

Plan can change providers of any type 

No cap on out-of-pocket costs 

Enrollment Concerns 

Does the MA Plan include everything you need? Shop carefully! 

Emergency care outside your local geographic area 

Medicare cannot be sold to MA plan members 

Enrollment with other types of insurance need to be coordinated 

THE ROOT OF THE DECISION:

If you want access to almost all health care providers anywhere in the country, and don’t want to have to get permission from an insurance company to see specialists, look to traditional Medicare. If you are willing to give up access to a full choice of providers for possible lower cost-sharing and some additional benefits, look at Medicare Advantage.
TRADITIONAL MEDICARE

- Flexibility in choice of providers
  - Provider/ facility/ supplier networks are vast
  - Coverage is available throughout U.S. and territories.

- Medigap Plan questions to ask:
  - Are there guaranteed issue rights in your state?
  - What are the pre-existing condition limitations?
  - Are the premiums prohibitively high?
  - Do you have other options for cost-sharing?
  - Are you willing/able to go without a supplement?
TRADITIONAL MEDICARE

- MA plan networks may not always have adequate specialists or other providers to serve patient needs.
  - Online provider/hospital/supplier network directories are not always updated.
- Network providers may choose to join or leave a network at any time;
- Plan can terminate providers at any time, whereas most enrollees are locked in for year (after March 31 of the year)
  - Limited SEP for network terminations
- There are additional SEPs for people who are dually eligible, MSP, and LIS
MEDICARE ADVANTAGE

- MA plans must offer benefits that are at least equal to traditional Medicare and cover everything traditional Medicare covers.

- May offer coverage for additional services
  - Check if really available and valuable.

- MA plans can waive certain restrictions on coverage (Example: 95% of MA Plans don’t require 3-day prior hospital stay for SNF coverage, although actual SNF coverage is low for under 65.)
MA STEERING

- 2019 Annual Coordinated Enrollment Period (ACEP)
  - 2020 Medicare & You
  - Targeted Email campaign
  - Plan Finder issues (e.g. default to lowest premium)
- 2020 ACEP
  - Omitted or limited reference to traditional Medicare, encouraging enrollment in “a plan”
- 2021 Medicare & You (9/2020)
  - Prior Authorization requirement (removed as “benefit” in 2018 after complaints) = “Right” to advanced Organization Determination
  - “Most” changed to “in many cases” need to use Network providers
    (Note: 62% of MA plans = HMOs and require Network per KFF.org)
Medicare Open Enrollment begins October 15! This year, Medicare plans have historically low premiums — dropping an average of 34% over the last 3 years, and in some states up to 60%! Starting October 1, you'll be able to take a sneak peek at plans available in your area.

If you're among the 1 in 3 people with Medicare who has diabetes, here's some more good news: many participating drug plans will offer a 30-day supply of insulin for $35 or less starting January 2021.

More Info

Think you'll need help comparing plans once Open Enrollment begins? Here are some things you can do from the safety of your home:

- Find Plans at Medicare.gov, where you can see estimates for all your prescriptions.
- Look at the eHandbook (also available in accessible formats like Braille, large print, and data/audio files).
- Call us at 1-800-MEDICARE during Open Enrollment.
FUTURE OF MEDICARE

- *New England Journal of Medicare* article (2018): “assuming MA enrollment continues to grow, “the Medicare of tomorrow could look much different than it does today – more like a marketplace of private plans, with a backup public plan, and less like a national insurance program.”
FUTURE OF MEDICARE

- What does public want Medicare to be?
- Minimum: Require even playing field between MA and traditional Medicare (Including ease of enrollment, payment, benefits)
  - See, e.g., H.R. 3, passed by the House in December 2019, would reinvest Rx savings into expanding trad. Medicare benefits, including adding oral, vision, and dental coverage for all beneficiaries, expanding rights to purchase Medigap coverage, and expanding eligibility for low-income assistance
- See the Center’s Medicare Platform: www.MedicareAdvocacy.org
CONCLUSION

Choose Medicare option (health insurance) based on facts:

1. You will get sick
2. You may get injured

In these circumstances, what would you need/prefer? Traditional Medicare or an MA plan?
RESOURCES


For further information, to receive the Center’s free weekly electronic newsletter, *CMA Alert*, update emails and webinar announcements, contact:

**Communications@MedicareAdvocacy.org**

Visit

**MedicareAdvocacy.org**

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The Many Advantages of Medicare Advantage

Michael Bagel, Director of Public Policy

October 6, 2020
ACHP Members are Improving the Health of the Nation

670,000 ACHP Medicare Advantage beneficiaries are enrolled in a 4.5 Star plan or higher—compared to 29% of non-ACHP enrollees

23M Americans get their coverage and care from one of ACHP’s nonprofit, community-based health plans and provider organizations.

78% ACHP Medicare Advantage beneficiaries are enrolled in a 4.5 Star plan or higher—compared to 29% of non-ACHP enrollees
Medicare Advantage Growth Speaks to Its Popularity

31 States Have more than 30% of Eligible Beneficiaries Enrolled in an MA plan

Source: AIS Health, 2020
Medicare Advantage Plans are Superior to Traditional, Fee-For-Service Medicare

Clinical Success
- 29% fewer avoidable hospitalizations
- 21% greater spending on preventative care
- 33% fewer emergency room visits
- 73% less likely to have complications from Diabetes!

Quality
- MA plans are rated for quality, empowering seniors to choose coverage suited to their care needs
- 72% of enrollees are in plans rated 4 stars or higher
- MA outperforms FFS on 16/16 clinical quality measures

Satisfaction
- 98% of enrollees stay in the program year-over-year
- Patients are 26% more satisfied with MA compared to FFS

Real Control over Costs
- Limits annual out of pocket spending
- 56% pay $0 premium plan with supplemental benefits
- Average savings of over $1,000 annually in out-of-pocket spending
Medicare Advantage Provides Greater Benefits At A Lower Cost To Enrollees

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<th>Traditional Fee-For-Service Medicare</th>
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<tr>
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<tr>
<td>Innovative Supplemental Benefits</td>
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Security Health Plan of Wisconsin provides affordable hearing aids for the highly discounted price of $250 to combat loneliness and social isolation among its Medicare beneficiaries.

Martin’s Point Health Care in Maine helps seniors with heart failure and other conditions live in their homes with help from community care nurses while also addressing other social needs.

UPMC helps patients manage diabetes by sharply discounting 20 medications – including an annual supply of insulin for $84 – and providing health coaching to assist with medication adherence.
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