



## **Medicare Advantage Plans and Health Care Reform: What Beneficiaries Need to Know Now**

### **The Basics of Medicare Advantage:**

People who have Medicare have questions about what may happen to Medicare as a result of the new health care reform law.

Almost 25 percent of the 47 million Americans with Medicare choose to get their Medicare through a Medicare Advantage plan. Currently these private plans are being paid, on average, 14 percent more than it would cost to cover the same person in Original Medicare.

### **What is happening to Medicare Advantage as a result of health care reform?**

- **Congress did not make any changes to Medicare guaranteed benefits. Medicare Advantage plans must continue to provide the same benefits that are provided by Original Medicare.**
- Congress made some changes to the way that insurance companies get paid to offer Medicare Advantage plans.
  - Next year, Medicare Advantage plans will receive the same amount they are currently paid by Medicare.
  - Starting in 2012, depending on where you live, some Medicare Advantage plans may be paid less than they are currently paid by Medicare. (See section on Why Congress Made Changes to the Medicare Advantage Program.)
  - Also in 2012, Medicare Advantage plans will be paid a bonus if they provide high quality care. The bonus will be based on data that plans will report, such as how many members get preventive care, and how many get care to manage their chronic conditions, such as diabetes, or heart disease.
- Congress changed some rules about what Medicare Advantage plans can charge people with Medicare who join these plans and the benefits they must provide.
  - Starting in 2011, all Medicare Advantage plans will have to reduce members' out-of-pocket costs for some high cost services and for people who use the most health care. The plans will only be able to charge the same amount as someone

with Original Medicare pays for services like cancer drug treatment, renal dialysis and nursing home care. Until this rule goes into effect next year, plans have been allowed to charge their members more for these expensive services than people in Original Medicare pay.

- Starting in 2014, all Medicare Advantage plans will have to make sure that \$.85 out of every \$1.00 they get is spent on members' Medicare-covered health care benefits, rather than on administrative costs, marketing and profits.

### **What will happen to Medicare Advantage plans?**

- Just as in previous years, Medicare Advantage plans will continue to make a business decision every year whether to:
  - Continue in the Medicare program;
  - Increase premiums;
  - Change or reduce the cost-sharing they charge and the extra benefits they offer.
- Medicare Advantage plans will make similar decisions in the next few years as they decide how the payment changes may affect them.

### **What are the Medicare options in the future?**

- Everyone should review how they receive their Medicare coverage every year during the Fall annual enrollment period to make sure that the coverage remains right for the following year.
  - Start with the Annual Notice of Change from the Medicare Advantage plan telling about the changes to cost and coverage the plan is making for the next year.
  - Compare options online at [www.Medicare.gov](http://www.Medicare.gov) starting around October 8<sup>th</sup>.
  - Everyone can ask for help understanding their options from trained State Health Insurance Assistance Program (SHIP) counselors. Call 1-800-MEDICARE to get the number for the SHIP in your state or find the SHIP at [www.shiptalk.org](http://www.shiptalk.org).
- After carefully reviewing their choices, people with Medicare must make a decision about how to get Medicare in 2011. From November 15<sup>th</sup> through December 31<sup>st</sup> 2011, beneficiaries can make a decision to:
  - Stay in the same Medicare Advantage plan if it is still the right choice for them;
  - Change to another Medicare Advantage plan if they like the services and amount they would pay better;
  - Change to Original Medicare and a get a separate Prescription Drug Plan.
- Members in a Medicare Advantage plan that decides not to continue next year will get a letter from the plan by October 1<sup>st</sup>. From October 1<sup>st</sup> through January 31<sup>st</sup>, they can then
  - Change to another Medicare Advantage plan;
  - Change to Original Medicare and a separate Prescription Drug Plan.

- Purchase an insurance policy to help with Medicare premium and cost sharing. This is called a Medigap policy.

### **Why did Congress make changes to the Medicare Advantage program?**

- Congress made changes to the way that Medicare pays Medicare Advantage plans to
  - Reduce the overpayments that have been given to the private insurance companies running Medicare Advantage plans, extra money that has not lead to better health for members, so Congress is saving money that will strengthening the solvency of the Medicare Program;
  - Save money for all people paying Medicare Part B premiums, who had been paying over \$43.20 more each year to subsidize Medicare Advantage plans;
  - Make sure that Medicare remains in business for all Americans;
  - Encourage Medicare Advantage plans to provide higher quality care by paying them more if they can show they are helping members stay as healthy as they can.

### **For more information:**

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