

THE FACTS ABOUT Medicare Advantage



What is Medicare Advantage?

Medicare Advantage is an insurance option available to qualified seniors that replaces traditional Medicare benefits with insurance plans administered by private companies under contract with the federal government.

How is Medicare Advantage Different from Traditional Medicare?

TRADITIONAL MEDICARE

PART
A

- Inpatient hospital care
- Skilled nursing care
- Provider services
(if the provider accepts Medicare)

+

PART
B

To help cover the cost of copays, coinsurance, and other out-of-pocket expenses for vision, dental, and hearing, Medigap plans can be added. Adding a Part D plan rounds out coverage by paying for prescription drugs.

MEDICARE ADVANTAGE

PART
C

- Covers most medical care *(similar to the coverage provided by Parts A and B in traditional Medicare)*
- Often covers prescription drugs, vision, dental, and hearing

Monthly premiums may be lower, but copays and coinsurance are still a factor.

What's the Catch?

At a glance, Medicare Advantage plans appear to offer similar coverage to that provided by traditional Medicare in a simpler package and at a lower cost. However, simplicity and lower monthly premiums typically come with tradeoffs.

POTENTIAL DOWNSIDES OF MEDICARE ADVANTAGE PLANS:

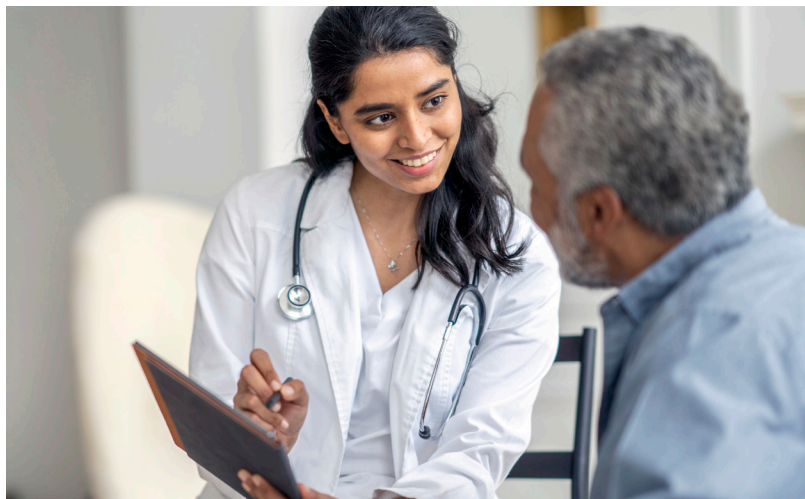
Tedious prior authorization processes

Need for specialist referrals

Limited network/provider access

The Main Message:

Do the research before deciding between a Medicare Advantage plan and a traditional Medicare plan. What appears to be a good deal may end up costing more or make getting health care more challenging. A thorough review of your coverage options is worth the effort. As always, anticipating your potential health care needs in the year ahead can help you choose the plan that is truly best for you.



Choosing the Right Plan

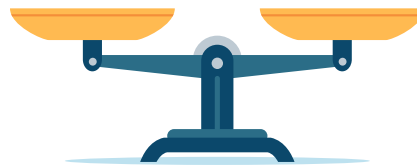
TRADITIONAL MEDICARE VS. MEDICARE ADVANTAGE

TRADITIONAL MEDICARE IS BEST FOR YOU IF:

- You have known health issues, prefer not needing a physician referral, and want access to a wide scope of physicians and hospital networks.
- You want more predictable health care costs.
- You require prescriptions.

MEDICARE ADVANTAGE IS BEST FOR YOU IF:

- You are a healthy adult who prefers lower premiums.
- You are comfortable with managed care risks, limited networks, and the need for prior approvals and referrals for most services.



PROS AND CONS OF MEDICARE ADVANTAGE

PROS

- Medicare Advantage may provide additional services beyond traditional Medicare such as vision, hearing, and dental without a supplemental Medigap plan.
- Medicare Advantage has an annual maximum out-of-pocket payment, unlike traditional Medicare. In 2023, the maximum cost for a Medicare Advantage plan was \$8,300 and \$12,450 for combined in-network and out-of-network services.
- Many Medicare Advantage plans have the ability to combine drug coverage and medical coverage into one plan, rather than paying for a separate Part D plan to supplement Medicare Part A and Medicare Part B.

- Medicare Advantage members generally have very limited provider networks. In 2017, a study found that the average Medicare Advantage plan only included about half of the physicians in the United States.
- Unlike traditional Medicare, a majority of the time Medicare Advantage members must seek approval to see a specialist for treatments or other services. If the member is denied approval to see a specialist, the care is not covered.
- Unlike traditional Medicare, a majority of the time Medicare Advantage members must seek approval for most prescription drugs, inpatient stays, diagnostic services such as procedures, labs, tests, therapy, dialysis, hearing, and many other services. If the member is denied approval for these tests or treatments, the care is not covered.
- Medicare Advantage members may end up spending more than those on traditional Medicare with hidden costs and denied coverages.

CONS

Understanding Costs

TRADITIONAL MEDICARE

MEDICARE PART	DESCRIPTION	EXAMPLE OF COSTS
Part A (Hospital Insurance)	Helps cover inpatient care in hospitals, skilled nursing facilities, hospice care, and home health care.	\$0 monthly premium \$1,600 annual deductible
Part B (Medical Insurance)	Helps cover: <ul style="list-style-type: none"> • Services from physicians and other health care providers; • Outpatient care; • Home health care; • Durable medical equipment; and • Preventative services such as vaccines and wellness visits. 	\$164.90 monthly premium (or higher depending on your income) \$226 annual deductible 20% co-payment on medicare-covered items after you've met the deductible
Part D (Drug Coverage)	Helps cover the cost of prescription drugs including many recommended shots or vaccines.	Varies by plan
Medigap (Original Medicare Supplemental Insurance)	Extra insurance you can buy that helps pay your share of costs in traditional Medicare.	Varies by plan

MEDICARE ADVANTAGE

MEDICARE ADVANTAGE	DESCRIPTION	EXAMPLE OF COSTS
Part C (Medicare Advantage) <i>*Note: this replaces Part A and Part B, Medigap and sometimes Part D</i>	Medicare-approved plan from a private insurance company that offers an alternative to traditional Medicare for health and drug coverage.	Varies by plan
Part D (Drug Coverage)	Helps cover the cost of prescription drugs including many recommended shots or vaccines.	Varies by plan



Steps Before Signing Up for a Medicare Advantage Plan

A comprehensive checklist to ensure you've considered budgets, provider locations, and what-ifs.

1 Ask yourself the following questions.

- Do I qualify for any kind of payment assistance or have access to other coverage such as Medicare Savings Programs, Part D Low Income Subsidy or Medigap plans?
- Am I comfortable with my care choices being directed by my insurance payer over the advice of my physician?
- Do I travel outside my general home area?
- What medications do I take?
- How important are limits on my annual maximum out-of-pocket costs?
- What is the value of coverage of other possible services such as dental, hearing, and health club memberships?
- What is the value of having the convenience of staying with the traditional Medicare option, knowing the services they cover, versus annual checking to ensure networks and coverage requirements are not changing?
- How do I feel about a Medicare Advantage plan challenging my physician's determination of the care I need as reasonable and necessary?
- Will I be more likely to seek medical care if it is:
 - Easily accessible and almost all physicians and facilities are available?
 - Convenient and coverage is available for care in most geographic areas?
 - Low cost?

2 Assess your current coverage.

If you're already enrolled in Medicare, you received an annual notice of change letter, which details any changes in your plan's benefits.

3 Know your Medicare options.

Research the difference between Medicare Part A, Medicare Part B, Medicare Part C, and Medigap.

4 Understand the Medicare Advantage plan's network.

Medicare Advantage plans have a limited network. Write down any physician, hospital, or medical clinic you may need. Call each of them to ask what Medicare Advantage plans they accept.

5 Compare all out-of-pocket costs.

Examine your benefit statements and medical bills from the past year and add up what you paid in deductibles and copays plus monthly premium costs. This is when Medicare Advantage can look inexpensive, but you must dig a little deeper to fully understand your potential out-of-pocket costs with a Medicare Advantage plan. Consider any medical care you may need in the following year, such as a knee replacement, dialysis, or a pacemaker. For many people, opting for traditional Medicare plus a Medigap plan offers more financial security with no surprises.

6 Investigate managed care requirements.

Are you comfortable with your care choices being directed by the insurance payer? Medicare Advantage plans may require approval to see specialists or to receive health care such as tests, treatments, or labs. In some cases, the insurance payer will decide the care you need over the advice of your physician.

Medicare Advantage can look inexpensive; however, you must dig a little deeper to fully understand your potential out-of-pocket costs.

7

Call the insurance payer directly and ask questions.

- If a physician I need to see is out-of-network, will the plan cover my visits? Will I pay more out-of-pocket for an out-of-network provider or facility?
- What is the service area for this insurance plan and how far may I need to travel to find an in-network specialist or facility for specialized services?
- Does my physician need to get approval from the plan to admit me to a hospital?
- Do I need a referral from my physician to see a specialist?
- Are there higher copays and deductibles for certain types of care, such as hospital stays, home health care, or rehabilitation care?
- Does the plan cover any services that traditional Medicare does not? Are there any rules, policies, or restrictions that I need to be aware of before accessing these benefits?
- Does the plan impose any coverage restrictions on prescription drugs? Can we go through my current prescriptions to determine if they are on the insurance plan's formulary?

- How much will I have to pay for brand-name drugs?
- Will I be able to use my local pharmacy?
- Will the insurance plan cover me when I travel out of state?
- Does the plan cover skilled nursing care after hospitalization and are there any rules, policies, or restrictions that I need to be aware of?

8

Consider the consequences of switching.

When you initially enroll in Medicare at age 65, you have a guaranteed right to purchase a Medigap plan. Insurers are required to renew coverage each year as long as you continue to pay your premiums. If you try to buy a Medigap policy after that enrollment window, insurance plans can turn you down or charge you more, due to pre-existing conditions.

9

Consult your health care provider and local hospital.

One way to learn about a Medicare Advantage plan's approval and authorization practices is to ask your health care provider and local hospital.

Sources and Further Reading:

- [Your Health Plan Options](#)
- [The Pros and Cons of Medicare Advantage](#)
- [‘Deny, deny, deny’: By rejecting claims, Medicare Advantage plans threaten rural hospitals and patients, say CEOs](#)
- [Medicare Advantage keeps growing. Tiny, rural hospitals say that’s a huge problem.](#)
- [Improving Access to Care for Medicare Advantage Beneficiaries](#)
- [Hospitals are dropping Medicare Advantage plans left and right: 13 updates](#)
- [Study: Rural patients struggle with access under Medicare Advantage](#)
- [Medicare Advantage in 2023: Premiums, Out-of-Pocket Limits, Cost Sharing, Supplemental Benefits, Prior Authorization, and Star Ratings](#)
- [Medicare Advantage: How Robust Are Plans’ Physician Networks?](#)
- [2022 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds](#)

Thank you to the Kansas Hospital Association for its significant contributions to this resource.