Medicare… Advantage?
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Medicare Advantage (MA) : Open Enrollment

- George Foreman, Joe Namath, William Shatner recommends
- “Get everything you’re entitled to, and more”
- “Call this 1-800 number with your zipcode, and find out more”
- “We are here to help you understand your options”
- “Get additional benefits without paying a dime in premium”
- “Get a refund from us on your Part B premium”
- “4200 plans in US to choose from; probably, 40 in your county”
- “ Take control of your coverage without dealing with the government”

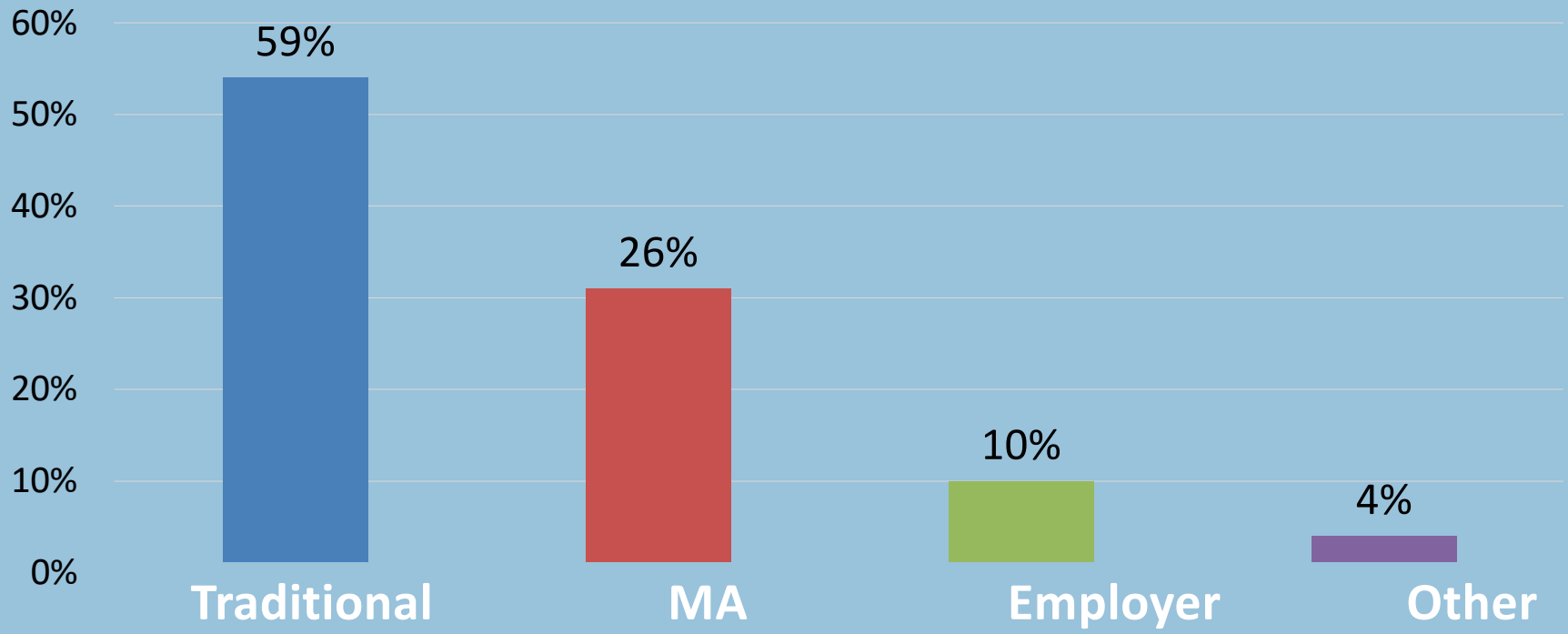
MA: Choice of Healthplans

- Optimism, Summa, Scan
- Highmark, Martins Point Health
- Elevance, Sharp, Partners
- Aware Integrated, Health Assurance, Aspire, Admed
- Magnolia, First Premier, Western Sky
- Buckeye , Silver Summit
- Alignment, Lifetime, Hopkins, Lifetime

MA 2022 : Insights and ?Advantages

- Healthcare Primer – 2000's
- Why was MA created
- MA : Evolution over 25 years
- Status 2022 ; enrollment, benefits, strategy, oversight
- Controversies : marketing, cost, compliance, overpayments
- Congressional Management
- Is it a good choice for you ?

Y’69 Survey : Medicare Plan 11-22



Y’69 Survey ; Summary

- Priorities: quality, specialist access, broad network, drug
- Cost and additional benefits –lower
- Lowest : Broker and Advertising (though not 0!)
- If Changed MA plans: cost, network, drug coverage
- IF MA: vision , dental, hearing most impt. additional benefits

Yale'69 Survey : Comments on M-care

- Kudos to tradit., supp.
- Expensive but worth it
- Cancer, no OOP at all
- Locations, coverage
- International via Supp.
- Drug: ok with separate plan
- MA-PPO: great (several)
- MA – cancer. Great
- MA -2nd rate network
- MA: hearing aid coverage inferior – no name device
- MA – changed for network
- MA - changed for drug coverage

Healthcare : Two Major Components

- Delivery (facilities, ambulatory, preventative, restorative)
- Finance (healthplan, coverage, benefits, access, cost)
- Healthplan (premium, contribution, deductible, copays, tiers)
- Levels of coverage, limits, exclusions, networks, out of network
- Healthplans: individual, group, gov. sponsored, gov. subsidized
- United, Cigna, Aetna, Humana, Kaiser, Elevance, Blues
- Providers – NFP, FP (15% of beds)
- NFP make profit, called balance

Healthcare : Continuum and Quality

- Prevention
- Ambulatory ; office, surgeries, physical therapy
- Urgent and emergent care
- Admission (Acute) - hospital, overnight stay
- Post Acute Care ; office, in home care (RN,PT,etc)
- Post Acute Care (facility based) ; Rehab, LTAC, Skilled Nursing (SNF)
- Quality assessment, improvement, initiatives, incentives, transparency, requirements, heavily regulated

Healthcare Delivery System 2022

- Integrated Delivery System (IDS) Hospital, ambulatory, offices, PT
- Physicians (70-80%) are employees of IDS or specialty practice
- MD compensation : base salary and incentives (volume and quality)
- MD referrals : monitored re within IDS selection
- MD executive leadership functions ; additional pay
- Hospital revenue : beds, ancillaries (rads, lab, ICU, cath lab, EEG)
- Ambulatory revenue: ER,office,lab,rads,PT, procedures, pharmacy
- Sub-acute units: rehab, skilled nursing, LTAC, dialysis,

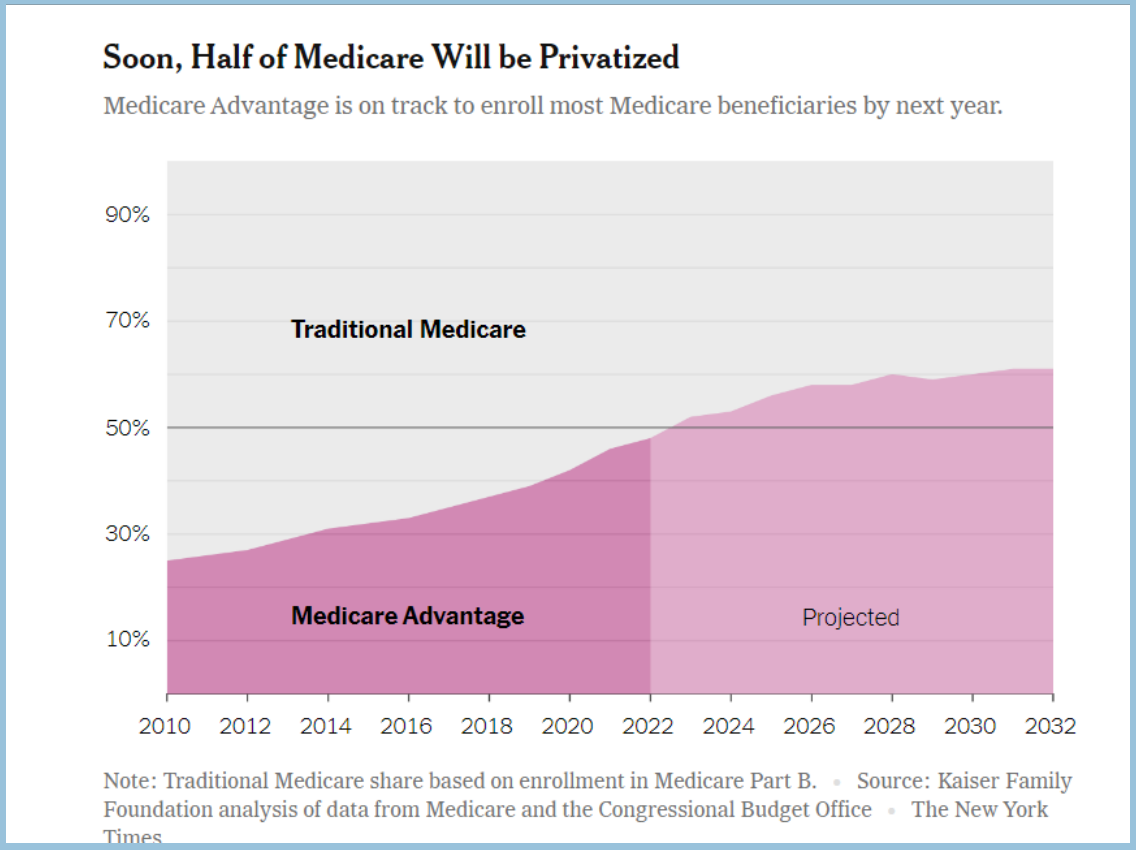
Healthplan Vocabulary

- Members, Enrollees
- Subscribers, Covered lives
- Beneficiaries
- Customers
- Patients
- Providers, caregivers, care coordinators, care managers
- Advocates, ombudsmen, personal navigators

Healthcare Coverage; An Evolution

- 1965 – Medicare - Federal
- 1969 – Medicaid – State and Federal
- 1984 – Children Healthplan CHIPS
- 1985 – M-care pays by DRG (one $ sum for IP service)
- 1980's to 2000 – consolidation, mergers of FP insurers, healthplans
- 1997 – M-care Choice created : MMA'03 MA and Part D
- 1980's to present – consolidation of providers
- 2010 - MA enrollment grows, more innovation/creativity allowed

MA: Enrollment Growth Projections



MEDICARE : FACTS 2022 Total Program

- Coverage : 64 million 18% of population
- Cost : $820 billion (7% trend) 16% of Fed Budget, 20% total HC$
- M-care Advantage (48% of members) ; 28 m. members
- MA spend - $427 billion
- M-care Tradit. : $400 billion
- 12 million members (17%) less than 65 YOA (disabled)
- 50% : less than 24 k annual income
- 77% : less than 43 k annual income
- 16% less than FPL
- Fed Budget: $4.4 t.

Medicare Funding Sources

- Medicare Trust Funds – two
- Part A : 2.9% payroll tax (1.45% each – employee and employer)
- Part B : premiums IRMAA - partial funding
- Part D : premiums IRMAA - partial funding
- ? Date that Funds will be depleted…. !

Medicare Coverage : Traditional, Part C

- Part A (in-pt), Part B (ambulatory, infusions), Part D – Drug
- Part F,G,H Medigap, supplementary. Pvt, FP, group
- Part A – no premium; Part B premium ; Part D- premium
- B and D premiums are means adjusted (increased)
- Part C - Medicare Advantage – combo A,B,D.
- MA- promise: privatize senior healthcare benefit, saving money and increasing quality of care covered while allowing profits to plans.

Medicare Advantage : why was it created

- Traditional M-care costs rising too quickly – since 60's
- Solvency of M-care Trust Fund Threatened – since 60's
- Private Healthplans said that they could do it better, control rising costs, and provide better quality of coverage and care while also making a profit
- Political Climate : privatize Social Security, ATC, interstates, NASA. Give citizens choice and control
- Healthcare; HMO's in ascendance, delivery needed to be organized

Medicare Advantage

- Pvt for-profit plan based on Part A & B, incorporating D (Drug)
- Premiums, co-pays, networks, managed care, evaluable
- Additional benefits:eye,ear,dental,rebate, transportation
- Types of MA: HMO or PPO – issue is network and out of network access(ONN)
- Access to care is managed (prior auth, approvals, appeals, prevention) and coordinated
- May be difficult to switch to Trad., d/t Medigap eligibility

MA: additional benefits offered by plan

- No premium, no copays, no deductibles, cash card
- Coordinated care; telehealth; RN case manager
- Dental, eye, hearing, footcare, gym membership
- Meals after major episode, transportation, in-home care
- Over the counter meds (OTC) and supplies
- Refund on Part B premiums

MA: Advantage to Members : Choice

- Minimal premium, copays for visits
- Additional Benefits
- Drug Coverage : tiers
- Plans compete based on the formulary and tiers
- Out of Pocket Max's
- Can switch MA plans every year during annual enrollment
- A refund on Part B premiums directly to Social Security check
- Proactive outreach from healthplan re vaccines, prevention, long-term facility placements by RN case manager

Medicare Advantage: Drug Benefit

- Tiers 1-5 – preferred generic, generic, brand, preferred brand, specialty
- 0 copay for Tier 1 and 2 at network pharmacy
- Variable copays, coinsurance
- Part D : deductible $435, then copay or 25% up to $ 4020
- Part D : donut hole – no coverage until $6350 OOP, then 5% patient responsibility

Medicare Advantage; Income to Healthplans

Plan payments from CMS ; capitated per month, regardless of services used

Avg base payment to plan :2021 $1200/month/ member

$14,400 / year can be increased by quality STAR ratings, severity indexing (high cost members), and Congress

- Payments are set each year by Congress
- CMS suggests but Congress decides.
- Active healthplan lobby
- Constant negotiation re benefit loss ratio

MA: Financing , Follow the money

- Average capitated payment to plan 2020 : $1200/month/member
- Increases through severity assessment by plan : in home RN coding
- Increases for high cost members: ESRD, chronic diseases, disabled
- Medical Loss Ration ; needs to be approx. 86% - so 14% for both admin and profit…… profit runs 5-7%
- 20 years of wrangling over yearly increases, STARS, fines, fibs, risk
- Congress determines yearly increases, despite MPAC recommendations
- 2020: per member costs to CMS higher than avg. original M-care

MA: ? Persistent over-payments to payors

- MA members now cost more per capita than Traditional
- Multiple audits over 15-20 years show overpayments
- CMS reluctant to recoup; Congress keeps increasing payments
- Overpayments based on severity adjustments (“sickness”), quality payments, and incentives for healthplans…..
- Quality of Plan – 5 STAR – 70% of plans get 4&5 Star ratings
- Upcoding – adding diagnoses to members so they appear sicker

MA: ? Marketing Misrepresentation

- Mailings, brochures, celebrity endorsements, video
- Website design to mimick official medicare.gov
- 1-800 advisors (brokers) are incentive based
- Networks advertised are not current
- Provider contracts do not synchronize with benefit year

Medicare Choice : Traditional or Advantage?

- Your current health, monthly maintenance drugs, assets
- Your familiarity with healthcare delivery maze
- Your wish to choose where you go for what care
- Your comfort with the healthplan managing your decisions
- Your desire to go to the “best” facility for procedures
- Pay as you go vs. budgeted predictability

So which Medicare Plan is best for you?

- Online programs to compare – most .com are sales
- Consultants (usually commission based)
- Medicare.gov: free plan comparisons, planfinder; handbook
- Do you prefer predictability of expenses (premiums) or not?
- Do you have free cash to pay copayments associated with MA?
- Are you ok with limited network or do you want Duke/MSK/MDA
- Are you ok with your choices re procedures being managed against criteria for approval by HP?

Medicare Advantage : The Choice

- Is it right for you and spouse ?
- Is it an advantage for U.S. seniors ?
- Is choice (unlimited) of healthplans a priority?
- Is the accelerating cost to taxpayers an issue?
- Is the for-profit structure delivering the intent?
- Should the program include initiatives to address the social determinants of health (SDOH)

Medicare Advantage : Issues 2022

- Capitation / member / month
- Payment increases for quality, homecare, performance
- Additional benefits : housing, food, transportation
- High cost member enrollment; risk adjustment
- Evolve to more competitive model, fewer plans
- Disenrollment criteria, disadvantages
- Buy In’s – Medicare Advantage for all….

Medicare Issues 2020-22

- Eligibility (age, buy in) – people living longer in retirement
- Means testing vs entitlement
- Cost increases to beneficiary via premiums.
- Payment cuts by CMS to plans, providers
- Drug costs – highest component in trend increase
- Ability to negotiate drug costs with manufacturers
- Investigational-Experimental therapies
- Program management by Congress……
- Trend to MA privatized program