

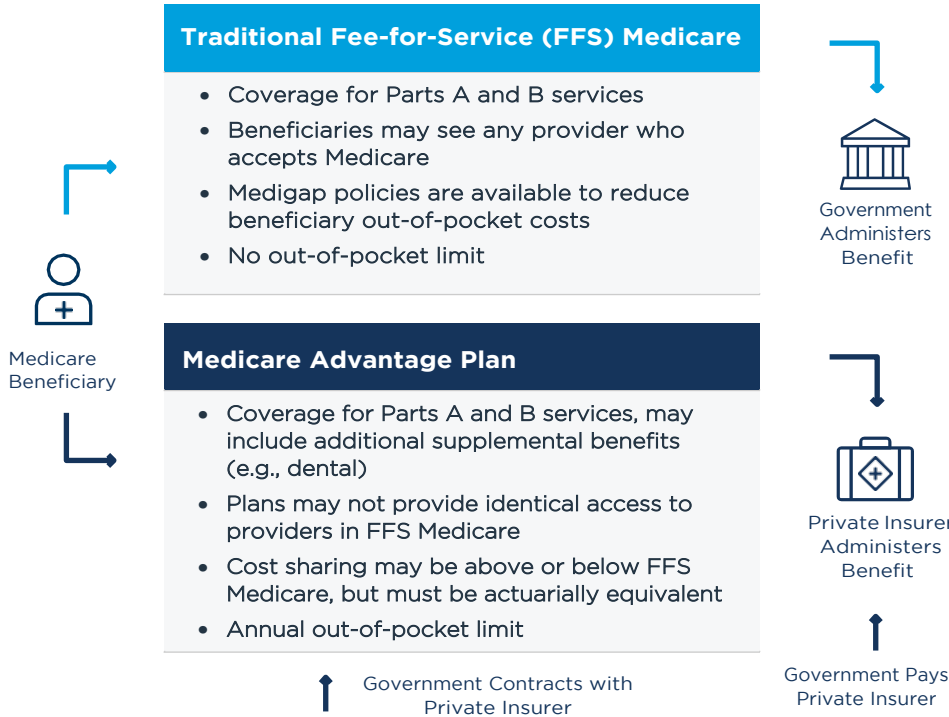
Understanding Medicare Advantage

FACT SHEET January 2021

BETTER MEDICARE
ALLIANCE

Medicare beneficiaries have two options for receiving their Medicare benefits – Original Fee-for-Service (FFS) Medicare or Medicare Advantage, which are offered by private health plans and approved by the government. There are 24.8 million Medicare Advantage beneficiaries who amount to more than a third of the entire Medicare population. Below is a brief overview of Medicare Advantage and how it works.

Pathways to Receive Medicare Benefits



Medicare Advantage health plans:

- Covers all services provided under FFS Medicare
- Are regulated by the government
- Are administered by private insurance companies
- May include integrated Part D drug coverage and additional, supplemental services

Different types of Medicare Advantage plans include:

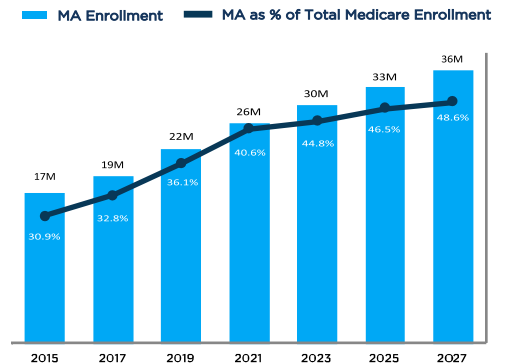
- Individual Plans that offer various types of access to provider networks, including PPOs and HMOs
- Special Needs Plans (SNPs) that enroll those who are dual-eligible, need institutionalized care, or have specific chronic diseases
- Employer Group Waiver Plans (EGWPs) that are offered by some employers to provide coverage to retirees through Medicare Advantage

Medicare Advantage Covers All Medicare Benefits and Often Includes Prescription Drug Coverage and Extra Benefits at Lower Out-of-Pocket Costs than FFS Medicare

		COVERAGE	2021 MONTHLY PREMIUM	2021 COST SHARING*
Medicare FFS	Part A 	Hospital Services	Typically \$0, or up to \$471	Deductible: \$1,484/year Copay/Coinsurance: Varies
	Part B 	Physician Services	Typically \$148.50, or more for higher income enrollees	Deductible: \$203/year Coinsurance: Typically 20%
Medicare Advantage	Part C 	Hospital Services, Physician Services, Medications from a Pharmacy, and Other Supplemental Benefits	\$21.00 on average	Total Cost Sharing: Limited to \$7,550/year***
Part D 	Part D	Medications from a Pharmacy	\$30.50 base premium	Deductible: Limited to \$445 Coinsurance: 25% for up to \$4,130 in total drug costs**

Note: A beneficiary enrolled in Part A and/or B through the federal government is covered under FFS.
*Includes deductibles, copayments/coinsurance **Before the coverage gap ***CMS recommends no more than \$3,450 Data Sources: 2021 Medicare Parts A & B Premiums and Deductibles. Centers for Medicare & Medicaid Services, November 2020; 2021 Medicare Parts A & B Premiums and Deductibles. Centers for Medicare & Medicaid Services, November 2020; <https://www.cms.gov/newsroom/press-releases/trump-administration-continues-keep-out-pocket-drug-costs-low-seniors>

Enrollment in Medicare Advantage Is Projected to Continue to Grow Steadily



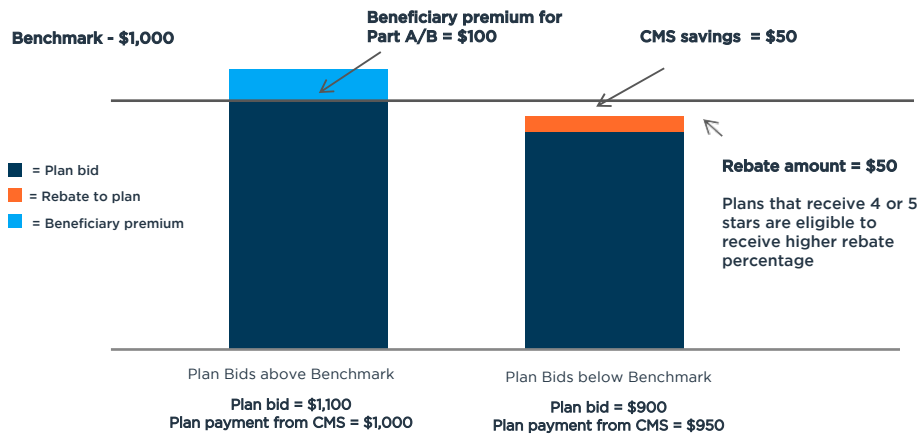
Source: Medicare Baseline Estimates. Congressional Budget Office. March 2020.

Medicare Advantage Demographics:

- In 2020, **40%** of all Medicare beneficiaries are in Medicare Advantage
- **57%** of Medicare Advantage beneficiaries are women
- **47%** of Hispanic beneficiaries and 42% of African-American beneficiaries enroll in Medicare Advantage
- **43%** of Medicare Advantage beneficiaries have an annual income of less than \$24,500

Medicare Advantage Payment Structure is Closely Tied to Spending Under FFS

EXAMPLE OF PLAN PAYMENT



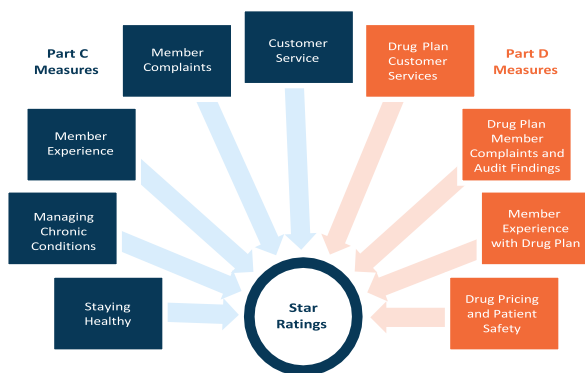
CMS: Centers for Medicare & Medicaid Services

MA plans are paid on a monthly capitated rate per beneficiary that is based on what Medicare spends on FFS beneficiaries.

- If plans submit a bid that is above the benchmark, they charge beneficiaries a premium for the difference between their bid and the benchmark.
- If plans submit a bid to Medicare that is below the FFS "benchmark" the plans receive a percentage of those savings (a "rebate") which must be used to offer additional benefits or lower beneficiary cost sharing.

Medicare Advantage Star Ratings Incentivize High Quality

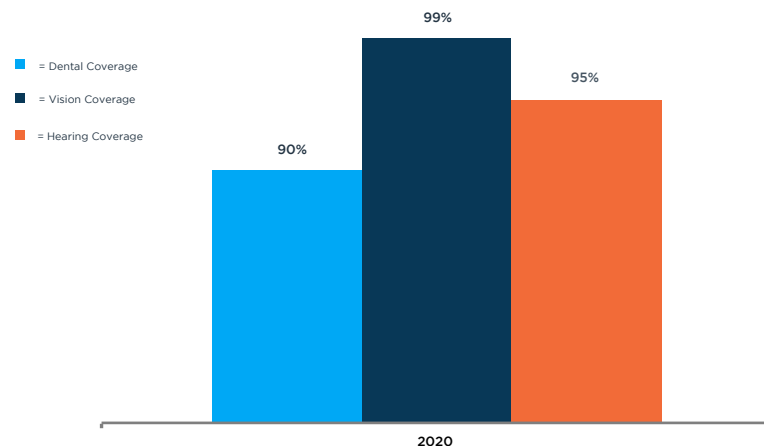
- Plans receive bonus payments if they score at least 4 or more out of 5 stars
- Stars are based on 46 individual measures ranging from clinical performance to consumer experience



HEDIS: Healthcare Effectiveness Data and Information Set; CAHPS: Consumer Assessment of Healthcare Providers and Systems; IRE: Independent Review Entity; HOS: Health Outcomes Survey;

Most Enrollees Have Access to Supplemental Benefits

PERCENT OF ENROLLEES BY TYPE OF SUPPLEMENTAL BENEFIT



Other Types of Supplemental Benefits:

- Fitness benefits
- Telehealth
- Personal home care
- Support for caregivers
- Transportation
- Meals & nutrition

*Includes HMO, local PPO, regional PPO, and PFFS plans

Note: Coverage categories are not mutually exclusive. Plans may offer coverage in more than one category.

Source: Avalere Health. Analysis of Supplemental Benefit Offerings and Beneficiary Impact. November 2020

Medicare Advantage Empowers Beneficiaries with a Choice to Enroll in Coverage that Best Meets

Medicare Advantage offers beneficiaries the **choice** of an integrated care plan, with a focus on delivering patient-centered primary care, early intervention and care coordination:

- 99% of Medicare beneficiaries have access to at least one Medicare Advantage health plan where they live
- On average the Medicare eligible population had access to 39 plan choices in 2020
- 96% of Medicare beneficiaries have access to a \$0-premium Medicare Advantage Prescription Drug plan option where they live
- Beneficiaries compare plans' Star Ratings, supplemental benefit offerings, provider networks, and benefit designs to identify the plan that best meets their needs