

## Key Facts

- Medicare Advantage plays a critical role in protecting financially vulnerable Medicare beneficiaries with low- to modest-incomes from out-of-pocket (OOP) health care costs.
- Individuals with low- to modest-incomes are more likely to enroll in Medicare Advantage, and just over half of Medicare Advantage members live below 200% of the Federal Poverty Level (FPL).
- Low-income Medicare Advantage beneficiaries experience lower cost burden associated with OOP costs compared to low-income beneficiaries in Traditional Fee-for-Service (FFS) Medicare.
- Medicare Advantage beneficiaries report total spending (OOP cost sharing plus premium costs) to be, on average, \$1,598 less than beneficiaries in Traditional FFS Medicare.
- Medicare Advantage beneficiaries report similar levels of satisfaction with health care quality and ease of getting to the doctor.
- Chronically ill Medicare beneficiaries are choosing Medicare Advantage at rates that mirror Traditional FFS Medicare beneficiaries.

Medicare Advantage plans have the flexibility to offer cost and coverage policies that are not available in Traditional FFS Medicare. Almost all Medicare Advantage plans offer benefits that are not covered by Traditional FFS Medicare, such as coverage for dental, vision, hearing, and/or wellness services. In addition, Medicare Advantage enrollees do not need to buy supplemental coverage, known as Medigap. Moreover, approximately 46 percent of enrollees who stayed in the same Medicare Advantage plan from 2018 to 2019 did not have a premium for 2019. There is also a maximum annual OOP limit for all enrollees. These types of consumer cost savings and protections do not exist in Traditional FFS Medicare.

Better Medicare Alliance commissioned a follow-up to analysis of 2016 data, using the 2017 Medicare Current Beneficiary Survey (MCBS) to examine how Medicare coverage affects beneficiaries' access to care, utilization of benefits, and OOP costs. The analysis showed that Medicare Advantage plays a critical role in protecting beneficiaries with low- to modest-incomes from out-of-pocket health care costs.

## Low-Income Medicare Beneficiaries Are More Likely to Enroll in Medicare Advantage

- While Medicare Advantage made up 34 percent of all Medicare enrollment, 40 percent of all beneficiaries under 200% of the Federal Poverty Level (FPL) were enrolled in Medicare Advantage in 2017.
- While Traditional FFS Medicare made up 66 percent of all Medicare enrollment, 72 percent of all beneficiaries over 400% of FPL were enrolled in Traditional FFS Medicare.
- Medicare Advantage beneficiaries are financially vulnerable, with 50.3 percent living below 200% of FPL, or \$24,523 a year for those over 65 with a household size of one in 2019, compared to 40.1 percent in the Traditional FFS Medicare population.
- Medicare Advantage serves a higher proportion of beneficiaries who are also eligible for Medicaid, about 21.4 percent of beneficiaries, compared to 15.7 percent of Traditional FFS Medicare beneficiaries.

## Medicare Advantage Beneficiaries Report Lower Average Annual Individual Spending

- Medicare Advantage beneficiaries report total spending (OOP cost sharing plus premium costs) to be \$1,598 less than beneficiaries in Traditional FFS Medicare.
- The lower average spending reduces the cost burden of health care for Medicare Advantage beneficiaries. About 12 percent of Medicare Advantage beneficiaries experience cost burden, compared to about 19 percent of beneficiaries in Traditional FFS Medicare.
- Among the lowest income, non-dually eligible Medicare population, a little over a quarter of Medicare Advantage beneficiaries experience cost burden, compared to almost half of Traditional FFS Medicare beneficiaries.

## Medicare Advantage Beneficiaries Report Greater Access to Health Care

- Medicare Advantage beneficiaries report greater access to health care. 75.6 percent of Medicare Advantage beneficiaries report that they have a usual source of care compared to 73.0 percent of Traditional FFS Medicare beneficiaries. Additionally, 92.1 percent of Medicare Advantage beneficiaries report being satisfied or very satisfied with the ease of getting to a physician, compared to 90.7 percent of Traditional FFS Medicare beneficiaries.

## Medicare Advantage Serves Populations with Complex Conditions

- Medicare Advantage and Traditional FFS Medicare populations have very similar clinical profiles. About 7 percent of Medicare Advantage beneficiaries report having congestive heart failure, 20 percent report chronic obstructive pulmonary disease, and about 4 percent report Alzheimer’s Disease or dementia. A greater percentage of Medicare Advantage beneficiaries (35%) report having diabetes, compared to 32 percent of the Traditional FFS Medicare population.
- Beneficiaries also report similar levels of functional impairment – needing help with activities of daily living (ADLs) – such as dressing and eating – and instrumental activities of daily living (IADLs) – such as preparing meals and shopping. More than a quarter of both the Traditional FFS Medicare population (28.7%) and Medicare Advantage population (28.1%) report needing help with one or more IADLs; while 9.2 percent of Traditional FFS Medicare beneficiaries and 8.8 percent of Medicare Advantage beneficiaries report needing help with three or more IADLs. 10.2 percent of the Traditional FFS Medicare population and 11.0 percent of the Medicare Advantage population require help with one or more ADLs; and 5.7 percent of Traditional FFS Medicare beneficiaries and 5.9 percent of Medicare Advantage beneficiaries report needing help with two or more ADLs.

Medicare Advantage provides significant financial value to millions of seniors and individuals with disabilities, particularly those who live on low- to modest-incomes. Ensuring access to consumer-friendly, complete information on the differences between Traditional FFS Medicare and Medicare Advantage regarding costs and financial protections is important for all beneficiaries, particularly to those who are lower income and may benefit the most. These findings are also important to policymakers as they look towards policies that reduce consumer costs and improve quality in Medicare.

**All findings above are found in the full report: *Medicare Advantage Outperforms Traditional Medicare on Cost Protections for Low- and Modest-Income Populations*. Analysis by ATI Advisory.**