



Preserving and Strengthening Medicare Advantage for Seniors

Guidance for Policymakers

BETTER MEDICARE
ALLIANCE

Introduction — February 2021

Dear Friend of Better Medicare Alliance,

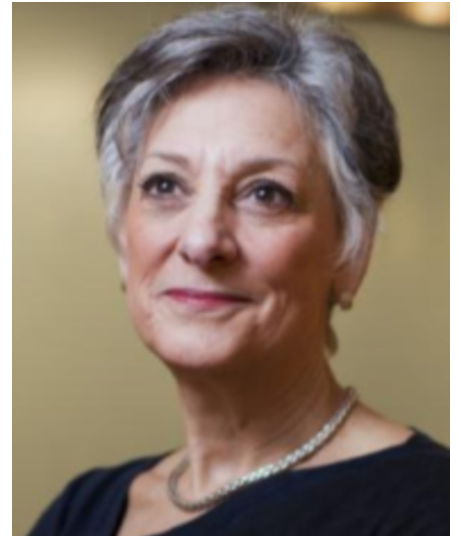
The start of a new Congress and administration is a busy and exciting time — and we want to help set your team up for success in 2021 and beyond.

As you know, health care remains front and center during the ongoing COVID-19 pandemic. What you may not know is that 26 million Americans are now finding their health coverage in Medicare Advantage — many of them your constituents.

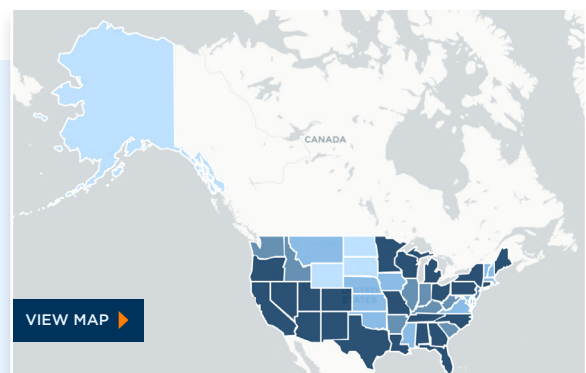
In fact, Medicare Advantage now exceeds 40% of all Medicare enrollment, and it is the dominant form of Medicare in more than 60 congressional districts nationwide!

First enacted nearly 25 years ago by a bipartisan vote in Congress, Medicare Advantage is a testament to what we can achieve when we come together to ensure high-quality, value-based care for our nation's seniors.

Research has shown that Medicare Advantage beneficiaries [save](#) an average of nearly \$1,600 a year compared to Traditional Medicare, all while experiencing [reduced hospitalizations](#) and more preventive care and screenings — even as Medicare Advantage serves beneficiaries with [higher rates](#) of social risk factors.



View Medicare Advantage enrollment in your state or congressional district using our enrollment heatmap.



Given these successes, it's no wonder that Medicare Advantage earns support from a bipartisan supermajority of Congress, or that consumers give it a satisfaction rating of 98%!

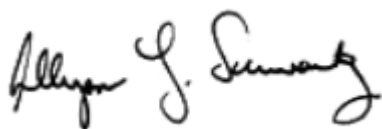
It is our hope that this guide will be a helpful resource to your team to understand the workings of Medicare Advantage, the challenges and opportunities it faces ahead and the role policymakers have in ensuring its continued success.

As the nation's leading research and advocacy organization supporting Medicare Advantage, Better Medicare Alliance has a proud history of working with lawmakers on both sides of the aisle to build a healthier future **through a stronger Medicare Advantage**. Our coalition includes [over 156 ally organizations](#) from across the health care spectrum and more than 500,000 grassroots beneficiary advocates.

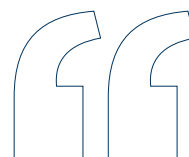
Together, we stand ready to work with you to champion the health of seniors and individuals with disabilities eligible for Medicare and to maintain the strong public-private partnership that supports the care, coverage and security Medicare Advantage provides.

Please call on us any time we can be helpful to your office. On behalf of all of us at Better Medicare Alliance, we wish you a safe and productive 117th Congress.

Sincerely,



Allyson Y. Schwartz
President and CEO
Better Medicare Alliance
Member of Congress 2005-2015



Our coalition includes over **156 ally organizations** from across the health care spectrum and more than **500,000 grassroots beneficiary advocates.**





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The Beginnings of Medicare and Medicare Advantage

Medicare was established in 1965 with the signing of the Social Security Amendments, creating a national health insurance program for older Americans. The Medicare law was amended in 1973 to provide coverage for those with certain disabilities.

“Medicare Plus Choice” was signed into law as part of the Balanced Budget Act of 1997. The name was changed to “Medicare Advantage” in 2003.

Medicare was also amended in 2003 to add Part D prescription drug coverage. Today Medicare serves more than 62 million Americans, including roughly 26 million beneficiaries who choose Medicare Advantage — more than 40% of the total Medicare population.





What is Medicare Advantage?

Medicare beneficiaries have two options for receiving their Medicare benefits: Traditional Fee-for-Service (FFS) Medicare or Medicare Advantage.



Medicare Advantage is often described as a public-private partnership because coverage is administered by private health plans with oversight and regulation provided by the federal government.

TRADITIONAL MEDICARE

- Traditional Medicare includes Parts A and B.
- If you want prescription drug coverage, you need to join a Part D plan separately.
- To pay your out-of-pocket costs in Traditional Medicare, you would need help from supplemental coverage.





	PART A	
	PART B	

You can add:





PART D	
 You can also add: SUPPLEMENTAL COVERAGE Some examples include coverage from former employer or union, or Medigap policies.	

MEDICARE ADVANTAGE

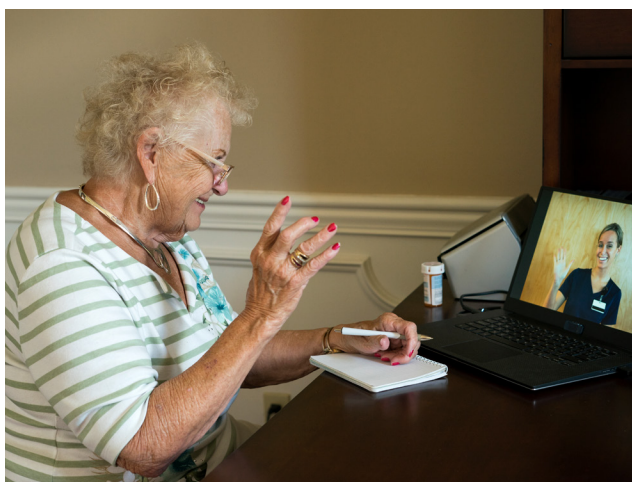
- Medicare Advantage is an “all-in-one” alternative to Traditional Medicare. These “bundled” plans include Part A, Part B and usually Part D. Medicare Advantage is commonly referred to as Medicare Part C.
- Medicare Advantage plans are required to place a limit on out-of-pocket costs (excluding Part D).
- Most plans offer extra benefits that Traditional Medicare doesn’t cover, like vision, hearing or dental coverage.

	PART A	
	PART B	

Most plans include:

	PART D	
Most plans also include:		
	LOWER OUT-OF-POCKET COSTS	
	EXTRA BENEFITS	

This chart is adapted from the Centers for Medicare & Medicaid Services (CMS) *Medicare & You 2020 Handbook*.



Enrollment in
Medicare Advantage
is projected to reach
47% of Medicare
beneficiaries
by 2027.

Medicare Advantage plans cover all hospital and medical benefits (Part A and Part B) covered in Traditional FFS Medicare, but enrollees choose a health plan that works for them based on their health care needs, the network of providers, the costs and the benefits. Medicare Advantage plans usually include prescription drug coverage, as well as extra benefits not covered by Traditional FFS Medicare, such as dental, vision, hearing or wellness coverage all in one package.

While Traditional FFS Medicare beneficiaries will often buy a supplemental policy — sometimes referred to as Medigap — to cover extra expenses, there is no need to buy a supplemental policy in Medicare Advantage. There are also additional consumer protections, such as an annual cap on out-of-pocket costs. These differences can mean a lower cost burden for seniors, so many of whom live on fixed incomes.

Medicare Advantage focuses on primary care, early intervention and care management that provides a diverse population with the coverage and care that best meets their needs. Today, 47% of Latinx Medicare beneficiaries and 42% of African American Medicare beneficiaries enroll in Medicare Advantage. Enrollment in Medicare Advantage continues to grow and is expected to reach 47% of all Medicare beneficiaries by 2027.

Read More:



FACT SHEET
[Understanding Medicare Advantage](#)



FACT SHEET
[Why is Medicare Advantage the Future of Medicare?](#)



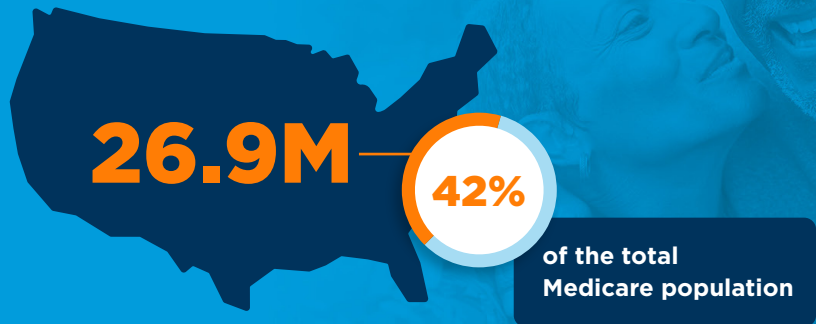
FACT SHEET
[Medicare Advantage Offers Valuable Consumer Protections](#)



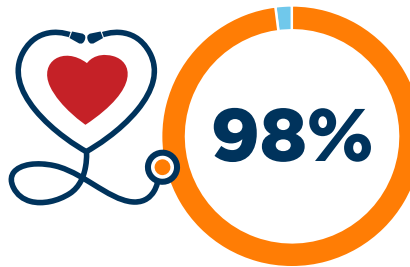
FACT SHEET
[Beneficiary Cost in Medicare](#)

MEDICARE ADVANTAGE At a Glance

In 2021, a record-setting 26.9 million Americans are projected to enroll in a Medicare Advantage plan.



Average monthly premiums in 2021 **fell to \$21 a month** - the lowest rate since 2007.



of beneficiaries are satisfied with their **Medicare Advantage** coverage, according to a December 2020 Morning Consult poll.



94%+

In 2021, over 94% of **Medicare Advantage** plans offer additional telehealth benefits reaching **20.7 million** beneficiaries.



\$1,598

Medicare Advantage enrollees report **\$1,598 less in total spending** than beneficiaries in Traditional Medicare, due to cost protections such as out-of-pocket limits.



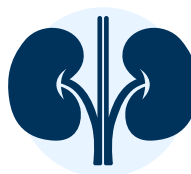
80%+

of **Medicare Advantage** plans provide some combination of dental, vision, hearing or fitness benefits. **More than half of plans** provide all four.

Medicare Advantage's population is increasingly **diverse**.

31.5% of Medicare Advantage beneficiaries are **minorities**

20.8% of Traditional Medicare beneficiaries are minorities



Beginning this year, individuals with **end-stage renal disease** are now eligible to enroll in **Medicare Advantage**.

The Medicare Enrollment Process

Individuals qualifying for Medicare at age 65 typically have three months before their 65th birthday and three months following their birth month to explore their options and make choices. Thereafter, they can move between Traditional FFS Medicare and Medicare Advantage or change plans within Medicare Advantage once a year during the open enrollment period, which is mid-October to mid-December.

Enrollment in Medicare can be confusing for many, and beneficiaries often face difficulties in fully comparing available coverage options. Enrollment in Medicare Advantage requires an active choice made by the beneficiary. If a new enrollee does not make a decision, they default into Traditional FFS Medicare where they may face higher out-of-pocket costs and a fragmented, confusing FFS system.

A 2019 Morning Consult survey [found](#) that nearly half of all Medicare beneficiaries did not know about the option of Medicare Advantage at their first open enrollment. Better Medicare Alliance is committed to working with policymakers to ensure that beneficiaries are empowered to make informed coverage decisions that best meet their health and financial needs.

Read More:



FACT SHEET
[Medicare Advantage Outperforms Traditional Medicare on Cost Protections for Low- and Modest-Income Populations](#)



REPORT
[Empowering Beneficiaries and Modernizing Medicare Enrollment](#)



OP-ED
[Open enrollment season for Medicare can be confusing but worth the effort \(November 2019\)](#)



REPORT
[Social Risk Factors are High Among Low-Income Medicare Beneficiaries Enrolled in Medicare Advantage](#)



REPORT
[Comparing the Demographic of Enrollees in Medicare Advantage and FFS Medicare](#)

The Medicare Advantage Framework

In Medicare Advantage, the government contracts with private health plans, paying them a capitated, per-beneficiary monthly amount that is based on average Traditional FFS Medicare spending at the county level. Payment to Medicare Advantage is risk-adjusted for each beneficiary to account for cost differences associated with the individual's various health conditions and demographic factors.

Under the Medicare Advantage framework, health plans take full financial risk to cover all benefits, and many providers in Medicare Advantage take financial responsibility for the services they provide to patients.

Medicare Advantage beneficiaries choose a network of providers to care for them and coordinate their care. All provider networks adhere to strict requirements to ensure beneficiaries have access to all covered services. Health plans are also required to maintain up-to-date provider directories that enable enrollees to find available providers. Today, polling shows that 97% of Medicare Advantage beneficiaries are satisfied with their network of physicians, hospitals and specialists.

Positive Outcomes for High-Need, High-Cost Beneficiaries in Medicare Advantage Compared to Traditional FFS Medicare



Medicare Advantage beneficiaries with major complex chronic conditions had a **57% lower rate of avoidable hospitalizations** for acute conditions than those in Traditional FFS Medicare.



Frail elderly and under age 65 disabled Medicare Advantage beneficiaries had **66% and 46% higher rates of outpatient visits**, respectively, than those in Traditional FFS Medicare.



Spending on primary care services was **41% higher** for beneficiaries with major complex chronic conditions in Medicare Advantage, implying higher **utilization of primary care services**.



Medicare Advantage beneficiaries received a **pneumonia vaccine 49% more often** and a **flu vaccine 11% more often** than those in Traditional FFS Medicare.

Enabling Better Outcomes

Medicare Advantage has proved its value to beneficiaries and the health care system. A [December 2020](#) report from the Center for Innovation in Medicare Advantage, with analysis from Avalere Health, showed that Medicare Advantage achieved 15% lower combined medical and prescription drug costs than Traditional FFS Medicare, while delivering higher rates of preventive care and screenings, fewer avoidable hospitalizations and fewer prescriptions for low-value medications.

Medicare Advantage depends on adequate rates in payment that are based on accurate data on beneficiaries' health risk (known as risk adjustment), achievement in quality ratings, and fair and forward-thinking policies. Stable payment allow Medicare Advantage plans to meet quality standards, innovate in care delivery and keep consumer costs low.



A December 2020 report from Better Medicare Alliance, with analysis from Avalere Health, showed that **Medicare Advantage** achieved **15% lower combined medical and prescription drug costs** than Traditional FFS Medicare, while delivering higher rates of preventive care and screenings, fewer avoidable hospitalizations and fewer prescriptions for low-value medications.

Read More:



FACT SHEET
[Medicare Advantage
Payment Structure](#)



FACT SHEET
[Provider Networks in
Medicare Advantage](#)



FACT SHEET
[Medicare Advantage
Rate-Setting Process](#)



REPORT
[Understanding Risk
Adjustment in
Medicare Advantage](#)



WHITE PAPER
[Understanding Medicare
Advantage Payment &
Policy Recommendations](#)

The Medicare Advantage Difference

Strong out-of-pocket protections for consumers, more benefits and accountability for high-quality care are just a few of the distinctions that make Medicare Advantage work for 26 million beneficiaries today.

Consumer Protections

Medicare Advantage plays an important role in protecting low- to modest-income Medicare beneficiaries from out-of-pocket health care costs. Medicare Advantage plans have an annual out-of-pocket cap on spending that protects enrollees from high costs. In addition, Medicare Advantage plans have the flexibility to offer a variety of cost and coverage policies unavailable in Traditional FFS Medicare. Half of all beneficiaries choose a zero-premium plan that often includes prescription drug coverage.



An independent analysis released last year found that Medicare Advantage beneficiaries reported total spending, including out-of-pocket plus premium costs, to be \$1,598 less than beneficiaries in Traditional FFS Medicare. Today, Medicare Advantage serves a higher proportion of low- and modest-income beneficiaries and those with social risk factors than Traditional FFS Medicare.

Read More:



FACT SHEET
[Medicare Advantage Offers Valuable Consumer Protections](#)



FACT SHEET
[Medicare Advantage Outperforms Traditional Medicare on Cost Protections for Low- and Modest-Income Populations](#)



DATA BRIEF
[Medicare Advantage Provides Strong Financial Value to Beneficiaries as Compared to All Other Coverage Options](#)



REPORT
[Positive Outcomes for High-Need, High-Cost Beneficiaries in Medicare Advantage Compared to Traditional FFS Medicare](#)

Supplemental Benefits

Medicare Advantage plans may offer benefits not covered by Traditional FFS Medicare. Today, more than 90% of Medicare Advantage plans provide coverage for dental, hearing, vision and/or wellness and fitness benefits. Medicare Advantage plans are also providing an expanded set of benefits that address social determinants of health, like food insecurity and care in the home. Over half of Medicare Advantage plans provide some form of meal benefit to help keep seniors healthy and safe in their homes during the COVID-19 pandemic, and over 45% of plans provide transportation benefits to help ensure enrollees can get to and from their appointments.

Recent regulatory and legislative policy changes expanded the type of supplemental benefit offerings and provided new flexibility to target those benefits to chronically ill beneficiaries who may need them most. These benefits, known as Special Supplemental Benefits for the Chronically Ill (SSBCI), may include services such as food and produce delivery, pest control, service dog support, structural home modifications and even house cleanings. A recent analysis by Milliman found that 815 Medicare Advantage plans are offering these kinds of benefits, providing help and support to nearly 3.2 million enrollees.

Read More:



FACT SHEET
[New Flexibilities and Expansions in Supplemental Benefits](#)



FACT SHEET
[Social Determinants of Health & Medicare Advantage](#)



FACT SHEET
[Telemedicine in Medicare Advantage](#)



FACT SHEET
[Value-Based Insurance Design in Medicare Advantage](#)



WHITE PAPER
[Addressing Social Determinants of Health for Beneficiaries in Medicare Advantage](#)



ISSUE BRIEF
[Review of CY 2021 Medicare Advantage Supplemental Healthcare Benefit Offerings](#)

Accountability for High-Quality Care

Medicare Advantage plans are held accountable for quality. These measurements are based on clinical outcomes and consumer experience measurements. The Centers for Medicare and Medicaid Services (CMS) decides on the measurements and uses the annual Star Ratings System to evaluate Medicare Advantage plans on a 1-5 scale, with a 5-star rating being

the highest. In 2021, most Medicare beneficiaries — about 77% — who enroll in plans with prescription drug coverage are in high-quality health plans with four or more stars. The number of five-star plans grew from 2020 to 2021, as Medicare Advantage continues to drive better outcomes for enrollees.

Read More:



FACT SHEET

[Medicare Advantage
Quality: Star Ratings](#)



REPORT

[Measuring Patient Experience of
Medicare Advantage Beneficiaries:
Current Limitations of the
Consumer Assessment Tool and
Policy Recommendations](#)



FACT SHEET

[Measuring Patient Experience
of Medicare Advantage
Beneficiaries: Current
Limitations of the Consumer
Assessment Tool and Policy
Recommendations](#)

Accelerator for Health Equity

Medicare Advantage has unique tools that can be brought to bear in the effort to close the gap on long-standing health and racial disparities in health care and accelerate the drive to health equity. Medicare Advantage serves a higher proportion of minority beneficiaries and those with social risk factors, and recent polling shows that minority Medicare Advantage beneficiaries give their health coverage a 99% satisfaction rating.

Medicare Advantage's success in building trust with a diverse population of beneficiaries, delivering personalized coordinated care, and reaching out to beneficiaries in minority communities offers opportunities to meet the health challenges disproportionately faced by minority seniors. Complete and accurate information on their health status, including non-medical social risk factors obtained in risk assessments, is an essential component in the process of ensuring better care and better health that meets the needs of every beneficiaries.

Read More:



REPORT

[Addressing Racial
Disparities in
Health Care](#)



OP-ED

[Racial Disparities
Persist in Health Care,
But This Insurance Plan
Is Closing the Gap
\(January 2020\)](#)



VIDEO

[Conversation with Health Equity
Leaders from UnitedHealth
Group, CVS Health, Humana,
National Minority Quality Forum
and Morehouse College](#)



Medicare Advantage and COVID-19

With eight out of every 10 COVID-19 deaths [attributed](#) to individuals aged 65 or older, the importance of protecting older Americans amid the ongoing pandemic cannot be overstated.

When COVID-19 struck, the Medicare Advantage community was quick to respond to new challenges. Health plans waived consumer costs, supported humanitarian relief efforts and helped facilitate a swift transition to virtual care in order to keep beneficiaries safe at home.

Health insurers took the unprecedented step of shouldering the full expense of in-network COVID-19 medical treatment for Medicare Advantage beneficiaries. Medicare Advantage primary care providers delivered tablets and made home visits to beneficiaries to help them complete virtual appointments. Health plans, multi-specialty group and primary care practices, as well as those with high-risk Medicare Advantage populations, expanded outreach to those who were socially isolated to ensure they have access to care and supportive services.

A [recent report](#) from the Center for Innovation in Medicare Advantage detailed how Medicare Advantage’s payment structure and flexible benefit design ensured faster adoption of telehealth services during the pandemic, while “Traditional FFS Medicare policies have slowed the uptake of telehealth generally, and served as a barrier to telehealth implementation and expansion.”



50%+

More than half of all Medicare Advantage plans provide a meal benefit that can help keep seniors healthy and safe at home.



94%+

CMS reports that over 94% of Medicare Advantage plans are providing expanded telehealth benefits for 2021.

In 2021, Medicare Advantage continues to leverage supplemental benefits to meet beneficiary needs arising from COVID-19. More than half of all Medicare Advantage plans provide a meal benefit that can help keep seniors healthy and safe at home, while CMS [reports](#) that over 94% of Medicare Advantage plans are providing expanded telehealth benefits for 2021.

Better Medicare Alliance continues to champion equitability for Medicare Advantage beneficiaries in the COVID-19 response. With leadership from policymakers, Medicare Advantage is helping our nation’s seniors get safely to the other side of this pandemic.

Read More:



SPOTLIGHT ON INNOVATION
[The Response to COVID-19](#)



REPORT
[Telehealth During a Time of Crisis: Medicare Experiences Amid COVID-19](#)



REPORT
[The Impact of COVID-19 on Medicare Advantage Risk Scores and Payment](#)

OP-ED
[We’re All in This Pandemic Together: The Public Sector and the Private Sphere](#)



Policymakers' Role in Continuing Medicare Advantage's Bipartisan Success Story

Every policymaker plays a role in protecting and strengthening the care and security that Medicare Advantage provides to 26 million beneficiaries today — many of them right in your state or congressional district.

At Better Medicare Alliance, we support legislative and regulatory policies that provide continued flexibility in benefit offerings, promote care management and encourage value-driven, high-quality and lower-cost coverage and care for Medicare beneficiaries through a stable growth environment for Medicare Advantage.

We are eager to partner with you in these efforts. Each year, we honor members of Congress who take special effort to stand up for their constituents on Medicare Advantage with our [Medicare Advantage Champion](#) awards. We welcome both new and returning members and senators to become champions for Medicare Advantage and know your constituents will appreciate it as well.

From ensuring an equitable response to the COVID-19 pandemic, to addressing social determinants of health, bolstering advances in telehealth and streamlining the Medicare enrollment process in a way that puts beneficiaries first, together we can make a difference in providing better care and better outcomes for America's Medicare-eligible seniors and individuals with disabilities.

Connect With **Better Medicare Alliance**

There are many ways to stay connected with Better Medicare Alliance. Sign up for exclusive policy alerts on the latest legislation and regulations impacting Medicare Advantage [here](#), join us on social media at the links below and send us a message any time at info@bettermedicarealliance.org.

We look forward to hearing from you!

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