

Statement of

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Hearing on Protecting America's Seniors: Oversight of Private Sector Medicare Advantage Plans
Oversight and Investigations Subcommittee
Committee on Energy & Commerce
U.S. House of Representatives
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Better Medicare Alliance, on behalf of our Alliance and the 28 million beneficiaries enrolled in Medicare Advantage, is pleased to submit the following statement for the record related to the June 28, 2022, Committee on Energy and Commerce, Oversight and Investigations Subcommittee Hearing entitled *Protecting America's Seniors: Oversight of Private Sector Medicare Advantage Plans*.

Better Medicare Alliance is a community of over 170 Ally organizations and more than 600,000 grassroots beneficiary advocates who value Medicare Advantage and the affordable, high-quality, coordinated care it provides to over 28 million beneficiaries. Together, our diverse Alliance of community organizations, providers, aging service organizations, health plans, and beneficiaries share a deep commitment to ensuring Medicare Advantage is a high-quality, cost-effective option for current and future Medicare beneficiaries.

Seniors and individuals with disabilities eligible for Medicare actively choose and trust the value-driven, affordable, quality, and innovative health care available in Medicare Advantage. Through value-based payment and care coordination and management that results in improved health outcomes, extra benefits, and lower costs for beneficiaries and the federal government, Medicare Advantage addresses the needs of today's beneficiaries. With growing and high consumer satisfaction, Medicare Advantage is building the future of Medicare.

Medicare Advantage Saves Beneficiaries on Health Care Costs Year Over Year

Beneficiaries in Medicare Advantage save on out-of-pocket costs and premiums each year, and beneficiaries cite affordability as a primary reason for selecting Medicare Advantage over Fee-for-Service (FFS) Medicare.¹ New research using the latest Medicare Current Beneficiary Survey data (2019) finds Medicare Advantage beneficiaries report spending on average nearly \$2,000 less (\$1,965) on out-of-pocket costs and premiums annually relative to FFS Medicare

¹ eHealth, Spotlight on Medicare Advantage, June 2022. Available at:
<https://news.ehealthinsurance.com/ir/68/20225/Spotlight-On-Medicare-Advantage-eHealth-Survey-June2022.pdf>

beneficiaries.² Savings reported by beneficiaries increased \$325 between 2018 and 2019, meaning Medicare Advantage beneficiaries spend almost 36 percent less than FFS Medicare beneficiaries.³ During that same time, health care spending rose 5 percent for Medicare Advantage beneficiaries compared to 9 percent for FFS Medicare beneficiaries.⁴

The savings Medicare Advantage beneficiaries report translate to an overall lower rate of being cost burdened⁵ by health care costs among the Medicare population as well. Approximately 13 percent of Medicare Advantage beneficiaries experience cost burden associated with out-of-pocket and premium spending compared to 20 percent of FFS Medicare beneficiaries.⁶ A lower cost burden is critical when a majority, or almost 53 percent, of Medicare Advantage beneficiaries have incomes less than 200 percent of the Federal Poverty Level.⁷ This equates to over half of all Medicare Advantage beneficiaries living on less than \$25,000 annually.

In addition to cost savings, there are cost protections in Medicare Advantage, including an annual out-of-pocket limit on patient cost-sharing. The Centers for Medicare & Medicaid Services (CMS) announced last fall that the average monthly premium in Medicare Advantage is \$19, while plan choices, benefits, and enrollment increased in 2022.⁸ In addition to premiums being at a 15-year low, 98 percent of all Medicare beneficiaries have access to a \$0 premium Medicare Advantage plan with prescription drug coverage, further expanding the affordable health care options available to beneficiaries.⁹

Medicare Advantage Delivers Greater Value to the Federal Government

Not only does Medicare Advantage offer valuable savings to over 28 million beneficiaries, or 45 percent of the Medicare population, but the program also delivers greater value to the federal government. Recent research finds Medicare Advantage provides an additional \$32.5 billion annually in additional benefits and lower out-of-pocket costs for beneficiaries.¹⁰ This additional value comes from redeploying savings from the efficiencies in Medicare Advantage and providing Medicare-covered services for less. As a result, Medicare Advantage covers all Medicare-covered benefits like hospital and physician services for 24 percent less than FFS Medicare per member, per month (PMPM) (\$709.66 in Medicare Advantage; \$935.67 in FFS Medicare).¹¹ When accounting for administrative costs in FFS Medicare for comparability, government spending per Medicare Advantage beneficiary is 99 percent of its spending per FFS

² Better Medicare Alliance, Medicare Advantage Outperforms FFS Medicare on Cost Protections for Low-Income and Diverse Populations, April 2022. Available at: https://bettermedicarealliance.org/wp-content/uploads/2022/04/BMA-Medicare-Advantage-Cost-Protections-Data-Brief_FINv2.pdf

³ *Id.*

⁴ *Id.*

⁵ Cost burden is defined as spending over 20% of income on health care costs.

⁶ Better Medicare Alliance, Medicare Advantage Outperforms FFS Medicare on Cost Protections for Low-Income and Diverse Populations, April 2022. Available at: https://bettermedicarealliance.org/wp-content/uploads/2022/04/BMA-Medicare-Advantage-Cost-Protections-Data-Brief_FINv2.pdf

⁷ *Id.*

⁸ Centers for Medicare & Medicaid Services, CMS Releases 2022 Premiums and Cost-Sharing Information for Medicare Advantage and Prescription Drug Plans, September 30, 2021. Available at: <https://www.cms.gov/newsroom/press-releases/cms-releases-2022-premiums-and-cost-sharing-information-medicare-advantage-and-prescription-drug>

⁹ Kaiser Family Foundation, Medicare Advantage 2022 Spotlight: First Look, November 2, 2021. Available at: <https://www.kff.org/medicare/issue-brief/medicare-advantage-2022-spotlight-first-look/>

¹⁰ Milliman, Value to the Federal Government of Medicare Advantage, October 2021. Available at: <https://bettermedicarealliance.org/publication/milliman-report-value-to-the-federal-government-of-medicare-advantage/>

¹¹ *Id.*

Medicare beneficiary (\$942.53 PMPM in Medicare Advantage; \$949.39 PMPM in FFS Medicare).¹² Importantly, while government spending for Medicare Advantage is comparable to FFS Medicare, the research finds that “each dollar spent by the federal government goes further, as it provides beneficiaries with additional benefits and lower cost-sharing than is provided by FFS Medicare.”¹³

Medicare Advantage Serves an Increasingly Diverse and Low-Income Population

Medicare Advantage is the preferred option for beneficiaries that identify as a racial and ethnic minority, and Black and Latino beneficiaries enroll at a higher rate. Relative to the FFS Medicare population and the 16 percent of beneficiaries that identify as a minority, over 33 percent of Medicare Advantage beneficiaries identify as a racial and ethnic minority.¹⁴ Since 2013, Medicare Advantage enrollment grew 111 percent among minority beneficiaries.¹⁵ Among Medicare beneficiaries, nearly half of all Black beneficiaries and 53 percent of Latino beneficiaries choose Medicare Advantage.¹⁶

Similarly, low-income Medicare beneficiaries are more likely to enroll in Medicare Advantage than high-income beneficiaries. Since 2013, Medicare Advantage enrollment grew 125 percent among dual eligible beneficiaries, or beneficiaries that are eligible for both Medicare and Medicaid,¹⁷ and a greater proportion of Medicare Advantage beneficiaries are dually eligible for Medicare relative to FFS Medicare beneficiaries, 23 percent and 17 percent, respectively.¹⁸

As the Medicare Advantage population changes, the Medicare Advantage framework is well suited to address complex, chronic conditions through coordinated, patient-centered care. Further, the focus on primary and preventive care in Medicare Advantage and the flexibilities available to target benefits to enrollees present opportunities to decrease longstanding health and racial disparities in the U.S. health care system and advance health equity.

Medicare Advantage Beneficiaries Have Better Health Outcomes and Report High Satisfaction

Medicare Advantage is paid on a capitated basis, leading the way in the transition from volume-based, fragmented care to value-based, integrated care and provides beneficiaries access to high-quality care that results in improved health outcomes and high satisfaction. Beneficiaries in Medicare Advantage have higher rates of preventive screening measures like vaccinations and cancer screenings – 49 percent higher rate of receiving a pneumonia vaccine, 11 percent

¹² *Id.*

¹³ *Id.*

¹⁴ Center for Innovation in Medicare Advantage, Positive Outcomes for High-Need, High-Cost Beneficiaries in Medicare Advantage Compared to Traditional FFS Medicare, December 2020. Available at: <https://bettermedicarealliance.org/wp-content/uploads/2020/12/BMA-High-Need-Report.pdf>

¹⁵ Milliman, Comparing the Demographics of Enrollees in Medicare Advantage and Fee-for-Service Medicare, October 2020. Available at: <https://bettermedicarealliance.org/wp-content/uploads/2020/10/Comparing-the-Demographics-of-Enrollees-in-Medicare-Advantage-and-Fee-for-Service-Medicare-202010141.pdf>

¹⁶ Better Medicare Alliance, Medicare Advantage Offers High Quality Care and Cost Protections to Racially and Ethnically Diverse Beneficiaries, June 2021. Available at: https://bettermedicarealliance.org/wp-content/uploads/2021/06/BMA_2021-Q2-Data-Brief_6.15.21.pdf

¹⁷ Milliman, Comparing the Demographics of Enrollees in Medicare Advantage and Fee-for-Service Medicare, October 2020. Available at: <https://bettermedicarealliance.org/wp-content/uploads/2020/10/Comparing-the-Demographics-of-Enrollees-in-Medicare-Advantage-and-Fee-for-Service-Medicare-202010141.pdf>

¹⁸ Better Medicare Alliance, Dual Eligible Beneficiaries Receive Better Access to Care and Cost Protections When Enrolled in Medicare Advantage, December 2021. Available at: <https://bettermedicarealliance.org/wp-content/uploads/2021/12/BMA-Q4-Brief-2021.pdf>

higher rate of receiving a flu vaccine, 7 percent higher rate of breast cancer screening, and 10 percent higher rate of prostate cancer screening.¹⁹ Moreover, Medicare Advantage beneficiaries have lower hospitalization rates and more follow-up care – 43 percent lower rate of avoidable hospitalizations for any condition, 5 percent lower rate of all-cause readmissions, and 21 percent higher rate of seeing a physician within 14 days of a hospital discharge.²⁰

Better outcomes held during the early months of the COVID-19 pandemic as well. Relative to FFS Medicare beneficiaries, Medicare Advantage beneficiaries were hospitalized for COVID-19 in 2020 at a nearly 16 percent lower rate, had a lower mortality rate when hospitalized for COVID-19, and had greater access to care unrelated to COVID-19.²¹

The comprehensive, coordinated care delivered in Medicare Advantage and better health outcomes leads to high satisfaction among beneficiaries. More than 9 in 10 (94.9 percent) of beneficiaries are satisfied with their health care quality, 95.6 percent are satisfied with the ease of getting to the doctor, and 93.6 percent have a usual source of care.²² Medicare Advantage also has a robust quality rating system known as the Star Rating System. Health plans are assessed on more than 30 measures across clinical and patient experience areas, receiving a rating between 1 and 5 stars, with 5 being the highest performance. In 2022, the average Star Rating for a Medicare Advantage plan with prescription drug coverage (MA-PD) is 4.37 Stars, and 90 percent of beneficiaries enrolled in an MA-PD plan selected a 4+ Star plan, a record high.²³

Medicare Advantage provides seniors and individuals with disabilities affordable, high-quality care, including care coordination, disease management programs, access to community-based programs, extra benefits, and often prescription drug coverage for no additional premium. Driven by the patient-centered care, innovative clinical care models, and greater financial protections that Medicare Advantage provides, over 28 million beneficiaries choose Medicare Advantage, and estimated to reach 29.5 million this year.²⁴

Better Medicare Alliance thanks the Subcommittee for the opportunity to submit these comments. We recognize the importance of protecting seniors and individuals with disabilities, and welcome continued engagement with the Committee and Subcommittee in ensuring the Medicare Advantage program continues to deliver high-quality, affordable health care.

¹⁹ Center for Innovation in Medicare Advantage, Positive Outcomes for High-Need, High-Cost Beneficiaries in Medicare Advantage Compared to Traditional FFS Medicare, December 2020. Available at: <https://bettermedicarealliance.org/wp-content/uploads/2020/12/BMA-High-Need-Report.pdf>

²⁰ *Id.*

²¹ Better Medicare Alliance, Medicare Advantage Sees Fewer COVID-19 Hospitalizations in Beneficiaries and Offers Greater Access to In-Person and Telehealth Non-COVID Care During Pandemic, October 2021. Available at: <https://bettermedicarealliance.org/wp-content/uploads/2021/10/BMA-Q3-Data-Brief-FIN-1.pdf>

²² Better Medicare Alliance, Medicare Advantage Outperforms FFS Medicare on Cost Protections for Low-Income and Diverse Populations, April 2022. Available at: https://bettermedicarealliance.org/wp-content/uploads/2022/04/BMA-Medicare-Advantage-Cost-Protections-Data-Brief_FINv2.pdf

²³ Centers for Medicare & Medicaid Services, Fact Sheet – 2022 Part C and D Star Ratings, October 8, 2021. Available at: <https://www.cms.gov/files/document/2022-star-ratings-fact-sheet1082021.pdf>

²⁴ Centers for Medicare & Medicaid Services, “CMS Releases 2022 Premiums and Cost-Sharing Information for Medicare Advantage and Prescription Drug Plans,” September 30, 2021. Available at: <https://www.cms.gov/newsroom/press-releases/cms-releases-2022-premiums-and-cost-sharing-information-medicare-advantage-and-prescription-drug>