

Overview

Medicare Advantage (MA) has become a key health care program for seniors across the country. Available to 99 percent of Medicare beneficiaries, many seniors find this program better meets their health and wellness needs than traditional Medicare. While the majority of Medicare-eligible beneficiaries choose to enroll in traditional Medicare (63 percent), enrollment in Medicare Advantage has more than tripled since 2004 and has reached an all-time high in 2019 with 22.4 million Medicare beneficiaries. According to the Centers for Medicare and Medicaid Services (CMS), roughly 37 percent of Medicare beneficiaries are enrolled in a MA plan this year, an 11.5 percent increase from 2018 when 20.2 million beneficiaries were enrolled. Participation in the program is even higher in California, Florida, Hawaii, Minnesota, Oregon, and Pennsylvania where enrollment reaches at least 40 percent of beneficiaries.

In this Basic, we break down the key components of Medicare Advantage as well as the Trump Administration's regulatory changes for the 2019 plan year.

What is Medicare Advantage?

For more than thirty years, seniors eligible for Medicare have had the option to receive their benefits through private health insurance plans instead of through traditional Medicare. Beginning in the 1970s, private plans were incorporated into traditional Medicare so patients enrolled in health maintenance organizations (HMOs) could transition into Medicare and keep their doctors. As policy makers began favoring "managed care" as a way to control health care costs, private plans became an increasingly important option in Medicare. The program became known as Medicare + Choice under the *Balanced Budget Act of 1997* and was renamed Medicare Advantage in 2003 when Congress created the Medicare prescription drug program (Part D). The 2003 law also included incentives to increase access to these private plans.

Medicare contracts with insurers to offer several types of plans, including HMOs, preferred provider organizations (PPOs), special needs plans (SNPs), and others. More information on the types of MA plans available can be found [HERE](#).

How does Medicare Advantage work?

MA plans provide all traditional Medicare-covered benefits to enrollees, but can also provide additional benefits such as vision, hearing, and dental coverage. Medicare pays MA plans a set amount per enrollee (determined by geographical region and health status) to provide all Part A and Part B benefits, or coverage for hospital stays and doctor services, and makes a separate payment to plans for providing Part D coverage.

Much like other private health care options, MA plans require enrollees to use in-network providers. Plans create these networks to allow them to work closely with providers to incentivize quality and control costs; however, enrollees still have the flexibility to use out-of-network services, usually at an additional cost.

Center Forward Basics

Center Forward brings together members of Congress, not-for-profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

For more information, please visit www.center-forward.org

Health Care Glossary

A full glossary of common health care terms can be found [HERE](#).

Key Facts & Statistics:

- **99 percent** of Medicare beneficiaries have access to MA.
- Nearly **1 in 6** Medicare beneficiaries (17 percent) are under age 65 and living with permanent disabilities.
- 2019 enrollment in MA reached an all-time high at **22.4 million people**.
- MA plan premiums have steadily declined since 2015.
- MA plans cap out-of-pocket costs at **\$6,700**.

Unlike traditional Medicare, MA plans are required to cap out-of-pocket expenses at \$6,700.

Beneficiaries can enroll in MA from the first year of Medicare eligibility and can switch to a MA plan during each year's open enrollment period from October 15 to December 7. CMS has also created a new open enrollment period starting this year to run from January 1 to March 31 for those already enrolled in MA but who wish to make changes to their plan. Additionally, beneficiaries can enroll if they qualify for a Special Enrollment Period (SEP) under circumstances such as moving, a change in Medicaid eligibility, receiving long-term care in a skilled nursing facility, or switching to a plan with a 5-star quality rating. More information on MA enrollment periods can be found [HERE](#).

The star rating system is administered by CMS to evaluate a health plan's performance in health outcomes, patient experiences, and access. The Affordable Care Act established the star ratings as the basis of "quality rating bonus payments." Plans with four or more stars qualify to receive these payments, and in 2018, 74 percent of MA enrollees were in plans with this distinction.

Medicare Advantage Growth

In addition to the star rating system, the ACA included billions of dollars in cuts to Medicare Advantage to fund coverage of the uninsured, which many thought would cripple the program. The ACA also included a tax on health insurance called the Health Insurance Tax (HIT). Congress has voted in a bipartisan fashion multiple times to suspend the HIT because of its impact on premiums, including those for MA beneficiaries. The HIT is currently scheduled to take effect in 2020 and could cause an estimated \$241 premium increase for the typical MA beneficiary, according to one estimate. Had the moratorium not been in place this year, premiums could have increased from \$393.05 in 2018 to \$612.09 in 2019, or 55.7 percent. Despite these provisions, Medicare Advantage has continued to grow and enrollment has reached an all-time high in 2019.

This year will also bring new services to MA beneficiaries. In 2018, Congress and the Trump Administration for the first time allowed MA plans to begin offering non-medical support such as home meal and adult day care services. CMS expanded the definition of "primarily health-related" benefits that insurers are allowed to include in their MA plans and Congress passed the *Bipartisan Budget Act of 2018* to allow seniors access to non-medical services.

Since the benefits are new, the extent to which MA beneficiaries are able to obtain them in 2019 varies by geography, insurer, etc; however, new services can include in-home support, respite care, transportation to doctor appointments, fitness programs, outreach to address isolation and loneliness, and safety devices for the home. The new services are being offered by nearly 270 MA plans and are available to an estimated 1.5 million enrollees in 2019.

Looking Ahead

The number of MA plan choices increased to 2,734 nationwide for individual enrollment in 2019, which means more than 91 percent of Medicare beneficiaries have access to 10 or more Medicare Advantage plans. This is an increase from 2018 when 86 percent of enrollees had this level of access.

- Aside from required Medicare Part B costs, **90 percent** of beneficiaries have access to a Medicare Advantage Prescription Drug plan (MA-PD) with no monthly premium.
- According to MedPAC, MA will be paid, on average, equal to traditional fee-for-service (FFS) Medicare in 2019.
- **2,734 plans** are available for individual enrollment in 2019, giving more than 91 percent of Medicare beneficiaries access to 10 or more MA plans.

Additional Resources:

[Better Medicare Alliance - Impact of HIT on Medicare Advantage](#)

[CMS - 2019 Medicare Advantage and Part D Prescription Drug Program Landscape](#)

[CMS - Medicare Advantage Premiums Continue to Decline While Plan Choices and Benefits Increase in 2019](#)

[CMS - Part C & D Star Ratings](#)

[CMS - Remarks by Administrator Verma at Medicare Advantage Spring Conference](#)

[Forbes - Medicare Advantage Personal Care Benefit](#)

[Forbes - Medicare Advantage Plans and Personal Services](#)

[Kaiser Family Foundation - Facts About MA](#)

[Kaiser Family Foundation - Medicare Advantage 2019 Spotlight](#)

[Kaiser Health News - Medicare Advantage](#)

Additionally, nearly 83 percent of enrollees that remained in their plan saw their premium stay the same or decrease this year, and almost half of enrollees that stuck with the same plan have a zero premium.

According to the Congressional Budget Office, MA enrollment is expected to reach 42 percent of Medicare beneficiaries by the year 2028. Given the regulatory changes the Trump Administration has already pursued and the broad support for Medicare Advantage in Congress, we expect to see MA enrollment continue to climb and a growing effort by policymakers to increase access to the program in 2019.

[Medicare.gov - Types of Medicare Advantage Plans](#)

[Medicare Part C & D Enrollment Periods](#)

[MedPAC - 2018 MA Status Report](#)

[Oliver Wyman Health - 2019 Moratorium Impact](#)