



Overview of Medicare Advantage

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Medicare Advantage (MA) plans cover 26 million beneficiaries or 41 percent of all Medicare-eligible beneficiaries in the nation. MA is available to 99 percent of Medicare beneficiaries who find this program better meets their health, affordability, and wellness needs than [traditional Medicare](#), also known as Medicare Fee-For-Service (FFS). While the majority of Medicare-eligible beneficiaries are enrolled in traditional Medicare (58 percent), beneficiaries choosing to enroll in MA has more than tripled since 2004 and reached an all-time high in 2021. The Congressional Budget Office estimates that the share of Medicare beneficiaries enrolled in MA will increase to over 50 percent by 2030.

MA provides coverage to more racially and ethnically diverse populations than traditional Medicare, with 42 percent of Black seniors and almost half of Hispanic and Latino seniors enrolled in Medicare choosing MA. People choosing MA also tend to have lower incomes with roughly half of MA beneficiaries having annual incomes of less than \$30,000.

This basic will describe the key components of MA, how the program addresses health equity, and will highlight how program participants are responding to the needs of enrollees during the COVID-19 pandemic.

What is Medicare Advantage?

For more than thirty years, people eligible for Medicare have had the option to receive their Medicare benefits through private health insurance plans instead of through traditional Medicare administered by the Centers for Medicare and Medicaid Services (CMS). Beneficiaries with Medicare Part A (hospital insurance) and Part B coverage (medical insurance) can enroll in MA starting in 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 in MA 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.

Medicare contracts with insurers to offer several types of plans, including Health Maintenance Organizations (HMOs), Preferred Provider Organizations (PPOs), Special Needs Plans (SNPs), which provide coordinated care to beneficiaries with certain chronic conditions, with both Medicare and Medicaid, or in long-term care facilities. More information on the types of MA plans available can be found [HERE](#).

MA plans provide all traditional Medicare-covered benefits to enrollees. MA plans also provide more comprehensive benefits than traditional Medicare, such as dental, hearing, and vision coverage, more telehealth services, and new types of supplemental benefits designed to reduce social needs through benefits such as healthy meal delivery, housing supports and non-emergency medical transportation. For example, 94 percent of MA plans offer additional telehealth benefits and 80 plus-percent of MA plans offer dental, vision, and fitness benefits

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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

Key Facts & Statistics:

- **99 percent** of Medicare beneficiaries have an MA plan available.
- 2021 enrollment in MA reached an all-time high at **26 million people**.
- Medicare Advantage has a **64% higher rate** of beneficiaries who enroll in Medicare due to a disability.
- MA plan premiums have remained stable for over a decade.
- MA plans cap out-of-pocket costs at **\$7,550**.
- **96 percent** of beneficiaries have access to an MA-PD plan with no monthly premium, outside of Medicare Part B costs.
- **The average Medicare**

not available in traditional Medicare. CMS pays MA plans a set amount per enrollee (determined by geographic region and health status) to provide all Part A and Part B benefits for coverage of hospital stays and provider services, and makes a separate payment for providing Part D coverage for plans that offer combined MA and Part D coverage. Ninety percent of MA plans offer prescription drug coverage (MA-PDs) to simplify the Medicare benefit for enrollees.

MA plans create value-based provider networks to incentivize quality outcomes and reduce total costs of care; however, enrollees still have the flexibility to use out-of-network services, usually at an additional cost. Unlike traditional Medicare, MA plans are required to cap out-of-pocket expenses at \$7,550 in 2021.

The Star Rating System is administered by CMS to measure an MA plan's quality performance based on health outcomes, patient experiences, and access measures. The Affordable Care Act (ACA) established the star ratings as the basis of "quality rating bonus payments." Bonus payments can only be used to enhance beneficiary benefits and/or lower cost sharing. MA plans with four or more stars (out of five stars) qualify to receive these payments. About 77 percent of Medicare beneficiaries that enroll in MA plans with drug coverage will be in plans with this distinction in 2021.

How Medicare Advantage Addresses Health Equity

Social Determinants of Health (SDOH) that impact health outcomes, such as food security, housing stability, transportation, education access and quality, and employment and economic stability, can determine as much as 80 percent of a person's health. Beneficiaries who have access to safe and stable housing, transportation, and food, and are socially connected, have better health outcomes than those who lack access to essential resources. MA plans are able to provide additional benefits to help address [SDOH](#) to help prevent illnesses and disease progression, improving the health and well-being of beneficiaries who face barriers to accessing critical resources.

MA uses Value-Based Payment (VBP) arrangements, which is a payment mechanism whereby providers get paid or incentivized not by the quantity of services provided, but rather for the clinical value delivered to patients. This approach incentivizes payers and providers to partner in identifying the social needs of their beneficiaries and ensure their needs are met. Additionally, through MA care management services, plans are able to facilitate care coordination among health care providers and cross-sector partners, such as Community-Based Organizations, to create new and innovative ways to address social drivers of health.

MA plans also have the flexibility to tailor benefits to chronically ill populations. These expanded benefits include coverage for adult day care services, in-home support services, non-opioid pain management, nutritious meals, and home safety resources.

How Medicare Advantage Responded to COVID-19

MA plans have responded to the challenges created by the COVID-19 pandemic by lowering costs and broadening access to critical benefits, enhancing care coordination, and expanding a variety of health services, including expanding coverage for telehealth beyond what is covered in traditional Medicare, eliminating cost sharing for in-network COVID-19 testing and treatments, providing transportation to vaccine appointments, and enhancing services and benefits to address SDOH. Ninety-eight percent of MA beneficiaries reported satisfaction with their MA plan's response to COVID-19.

beneficiary has access to 33 Medicare Advantage plans in 2021, which is the largest number of options in the program in the last decade.

Key Definitions

- **Medicare Advantage (MA)**
A private health care option for seniors eligible for Medicare. MA plans cover all Medicare services, but can also offer supplemental benefits such as vision, hearing and dental coverage.
- **Fee-for-Service (FFS)**
Method of payment for medical services where the provider is paid for each service performed, i.e. office visit, blood work taken, tests administered, etc.
- **Star Rating System**
The Star Rating System is administered by CMS to evaluate a health plan's performance on health outcomes, patient experiences, and access measures. Plans with four or more stars (on a scale of 1 to 5) qualify to receive bonus payments. In 2021, 77 percent of MA-PD enrollees were in plans with four or more stars.
- **Value-Based Payment (VBP)**
A payment mechanism whereby providers are paid based on the value delivered to patients.

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

Citations and Additional Resources

[America's Health Insurance Plans: The Vaccine Community Connectors Program](#)

Enhanced telehealth services for MA plans include expanding physical, occupational, and speech therapy access, and waiving cost sharing for in-network telehealth visits for medical and mental health or substance use disorders. In-person and telehealth primary care appointments are also covered by MA plans to encourage beneficiaries to continue to schedule primary care appointments during the COVID-19 pandemic. MA beneficiaries enrolled in MA-PD plans are also able to receive up to a 90-day supply of Part D drugs, including through home delivery to help beneficiaries limit trips to the pharmacy and their potential exposure to COVID-19.

MA plans are also monitoring the general health of beneficiaries, including those who may be at higher risk for significant health issues and complications, through outreach regarding COVID-19 and by conducting regular health and social isolation checks. Health plans have partnered with the White House to help seniors in underserved communities receive the COVID-19 vaccine through the Vaccine Community Connectors program, based on the relationship health plans have with this population through MA. This program aims to vaccinate 2 million of the country's most vulnerable seniors by addressing concerns and questions about the vaccine, and by facilitating vaccine registration and appointment scheduling and transportation needs.

Health plans are also directly contacting MA beneficiaries to ensure they have necessary medications, that their nutritional and medical transportation needs are met, and that other critical health needs are addressed. Through additional flexibilities from CMS, health plans are also expanding supplemental benefits mid-year to provide beneficiaries with healthy meals and pharmacy benefits through in-home delivery, and over-the-counter for supplies such as masks and gloves while social distancing measures remain in place.

[America's Health Insurance Plans: The Value of Medicare Advantage](#)

[America's Health Insurance Plans: 7 Things You Need to Know About Medicare Advantage](#)

[Better Medicare Alliance: 2021 Enrollment Map](#)

[Better Medicare Alliance: Medicare Advantage Achieves Better Outcomes for High Need, High Cost Beneficiaries](#)

[Better Medicare Alliance: Infographic Fact Sheet: Medicare Advantage Demographics, 2021](#)

[Better Medicare Alliance: Medicare Advantage Satisfaction Poll](#)

[Congressional Budget Office: Medicare Baseline](#)

[CMS: 2021 Star Ratings Fact Sheet](#)

[Kaiser Family Foundation: Medicare Advantage 2021 Spotlight: First Look](#)

[Kaiser Family Foundation: A Dozen Facts About Medicare Advantage in 2020](#)

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

[Medicare Payment Advisory Commission: Report to Congress on Medicare Payment Policy](#)

[Milliman: Comparing the Demographics of Enrollees in Medicare Advantage and Fee-For-Service](#)

[Medicare](#)

[UnitedHealthGroup: MA
Affordability Research](#)

