

Overview

Medicare Advantage (MA) plans are insurance plans offered by Medicare-approved private companies that provide an alternative to traditional Medicare for health and drug coverage. These plans cover more than 30 million beneficiaries, nearly half of all Medicare-eligible beneficiaries in the nation. MA is widely available to Medicare beneficiaries, with 99 percent of the eligible population having access to at least one MA plan. Those who enroll in MA find this program meets their health, affordability, and wellness needs more than traditional Medicare, also known as Medicare Fee-For-Service (FFS). While nearly half of Medicare-eligible beneficiaries are enrolled in traditional Medicare (54 percent), beneficiaries choosing to enroll in MA have more than tripled since 2004 and reached an all-time high in 2023. The Congressional Budget Office estimates that the share of Medicare beneficiaries enrolled in MA will surpass 50 percent by 2030. The structure of MA plans looks similar to commercial insurance that many are accustomed to, which is also a factor in the growth of MA over the last few years.

On February 1, CMS released its [notice](#) regarding planned changes in MA annual rate adjustments and benefit parameters. This has led many to raise concerns about possible rate increases and changes to MA benefits including sixty U.S. senators who signed a [letter](#) to CMS opposing any such changes.

MA provides coverage to more racially and ethnically diverse populations than traditional Medicare, with nearly 50 percent of Black older adults and 53 percent of Hispanic and Latino older adults enrolled in MA when eligible for Medicare.

MA also provides coverage to more beneficiaries who report social and health risk factors. People choosing MA tend to have lower incomes, with roughly half of MA beneficiaries reporting annual incomes of less than \$24,500. Most MA beneficiaries report having more than one chronic condition, with 37.3% reporting having diabetes.

This basic will describe the key components of MA, how the program addresses health equity, and highlight how the program achieves high-quality outcomes for MA beneficiaries.

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 the first year of Medicare eligibility and can switch to a MA plan during each year's open

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 Updates & Facts:

- A bipartisan group of about 60 senators wrote a [letter in support of MA](#) to CMS ahead of its release of the [MA Advance Rate Notice](#) for 2024.
- **99 percent** of Medicare beneficiaries have access to at least one MA plan.
- 2023 enrollment in MA reached an all-time high of over **30 million people**.
- MA has a **64 percent higher rate** of beneficiaries who enroll in Medicare due to a disability.
- MA plan premiums have remained stable for over a decade.

enrollment period from October 15 to December 7. CMS has also created an open enrollment period that runs 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 outside of open enrollment 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 a desire to switch to a plan with a 5-star quality rating.

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

MA plans are required by law to provide all traditional Medicare-covered benefits to beneficiaries. MA plans may also provide more comprehensive benefits than traditional Medicare, such as dental, hearing, and vision coverage, mental health services, more telehealth services, and supplemental benefits designed to address health-related social needs through benefits such as nutritious meal delivery, housing supports, and non-emergency medical transportation. To that end, 99 percent of Medicare beneficiaries have access to additional telehealth benefits as well as dental, vision, and fitness benefits not available in traditional Medicare.¹ CMS pays MA plans a set amount per beneficiary (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. Nearly ninety percent of MA plans offer prescription drug coverage (MA-PDs) to simplify the Medicare benefit for enrollees.

Select 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 \$8,300 in 2023.²

The Star Rating system is administered by CMS to measure MA plans' quality performance based on health outcomes, patient experiences, and access to care 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 72 percent of Medicare beneficiaries enrolled in MA plans with drug coverage are in plans with this distinction in 2023.³

- MA plans cap out-of-pocket costs at **\$8,300**.
- **96 percent** of beneficiaries have access to a Medicare Advantage Prescription Drug plan (MA-PD) with no monthly premium, aside from required Medicare Part B costs.

Key Definitions:

- **Medicare Advantage (MA):** A private health care option for beneficiaries eligible for Medicare. MA plans cover all Medicare services, but can also offer supplemental benefits such as vision, hearing, and dental coverage. 42 percent of Medicare beneficiaries are enrolled in a MA plan.
- **Medicare Fee-for-Service (FFS):** A method of payment for medical services where CMS pays a provider for each service performed, i.e. office visits, blood work, tests administered, hospital services, etc.
- **Star Ratings:** The Star Ratings system is administered by CMS to evaluate a health plan's performance in health outcomes, patient experiences, and access to care. Plans with four or more stars qualify to receive quality bonus payments, and in 2023, about 72 percent of MA enrollees will be in plans with this distinction.
- **Value-Based Payment:** A payment mechanism whereby providers are paid or incentivized by the

¹ KFF: [Medicare Advantage 2023 Spotlight: First Look](#)

² Medicare Resources.org: [How are Medicare benefits changing for 2023?](#)

³ CMS Star Ratings: [2023 Medicare Advantage and Part D Star Ratings](#)

Health Equity in Medicare Advantage

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 are socially connected and have access to safe and stable housing, transportation, and nutritious food have better health outcomes than those who lack access to essential resources. The additional benefits of MA plans can help address SDOH and help prevent illnesses and disease progression, thereby improving the health and well-being of beneficiaries who experience barriers to accessing critical resources. MA plans have the flexibility to tailor benefits to chronically ill populations who are at high risk of hospitalization or poor health outcomes. These expanded benefits, also known as Special Supplemental Benefits for the Chronically Ill (SSBCI), include coverage for adult day care services, in-home support services, non-opioid pain management, nutritious meals, and home safety resources.

Some MA plans use Value-Based Payment (VBP) arrangements, which are payment mechanisms whereby providers are paid or incentivized by the clinical value they deliver to patients, rather than the number of services they provide. This approach encourages payers and providers to partner in identifying and meeting the health-related social needs of beneficiaries and ensuring these needs are met. Additionally, through MA care management services, plans can facilitate care coordination among health care providers and cross-sector partners—such as Community-Based Organizations—to create new and innovative ways to address SDOH.

Links to Additional Resources

- America's Health Insurance Plans: [The Vaccine Community Connectors Program](#)
- 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: [Enrollment Map](#)
- Better Medicare Alliance: [Medicare Advantage Achieves Better Outcomes for High Need, High Cost Beneficiaries](#)
- Better Medicare Alliance: [Fact Sheet: Medicare Advantage 2023](#)
- Better Medicare Alliance: [Fact Sheet: Medicare Advantage Beneficiary Demographics](#)
- Better Medicare Alliance: [Medicare Advantage Satisfaction Poll](#)
- CBO: [Medicare - May 2022 Baseline](#)
- CMS: [2023 Medicare Advantage and Part D Star Ratings to Help People with Medicare Compare Plans](#)
- CMS: [2024 Medicare Advantage and Part D Advance Notice Fact Sheet](#)
- CMS: [Monthly Contract and Enrollment Summary Report](#)

clinical value they deliver patients, rather than the number of services they provide. This concept was a key part of the ACA, and other mechanisms like bundled payments and increased care coordination are also examples of VBP.

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

- Kaiser Family Foundation: [Medicare Advantage 2023 Spotlight: First Look](#)
- Medicare.gov: [Types of Medicare Advantage Plans](#)
- MedPAC: [Chapter 12 MedPAC March 2022 Report to the Congress](#)
- MedPAC: [Medicare Advantage Program Payment System](#)
- Milliman: [Comparing the Demographics of Enrollees in Medicare Advantage and Fee-For-Service](#)
- Senator Catherine Cortez Masto: [January 30, 2023 Letter to Centers for Medicare and Medicaid Services](#)