



Insight

ACA's Medicare Advantage Cuts Already Harming Beneficiaries

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With each passing day, more information is revealed regarding the negative effects the Affordable Care Act (ACA) is having on American citizens, the health insurance industry, and the health care system as a whole. Although the botched implementation of the health insurance exchanges has received the bulk of media attention recently, many are beginning to notice the next to suffer under the ACA – Medicare Advantage (MA), a program beleaguered by repeated cuts in the last few years.

More than 14 million seniors and disabled individuals participate in MA plans, accounting for about 28 percent of all Medicare beneficiaries. Under the ACA, however, \$200 billion in cuts are slated for the Medicare Advantage program over the next decade. In order to cope with the increased costs as a result of the spending cuts, insurers are being forced to adjust prices and plan offerings. As a result, seniors can expect plan cancellations, fewer plan options, higher premiums, reduced physician networks, and higher overall out-of-pocket costs for Medicare benefits.

A number of recent articles have highlighted the current and future consequences of the \$200 billion cuts. In [Iowa](#), nearly 10,000 seniors have already received cancellation notices; in [New Jersey](#), that number is 50,000. Those seniors whose plans have been cancelled face a significantly smaller pool of plan options. In fact, the upcoming open enrollment period is expected to have 142 fewer MA plans than last year, representing a [5.3 percent decrease](#), according to a report by Avalere Health. The report also finds that the South and Midwest regions of the country, traditionally rural, will be the hardest hit by plan reductions. Benefits experts are also predicting that as a result of the massive ACA-related cuts, patients may see their current plans modified, resulting in the loss of access to certain [doctors](#) and potential decreases in the number of [covered medications](#).

[AHIP](#) predicts the 2014 funding cuts will “continue to grow in 2015 and beyond.” If this is the case, the above referenced consequences can be expected to continue and possibly worsen over time. MA beneficiaries are slated to be the latest casualty of the ACA's reforms, joining the ranks of those in the individual market.