Insight

Low Income Seniors Hit By Medicare Advantage Cuts

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The Medicare Advantage program is bracing for another round of deep cuts as a result of the Affordable Care Act (ACA) and further reductions proposed by the Centers for Medicare and Medicaid Services. The optional program is tremendously popular among seniors – 67 percent of seniors with Advantage plans report a “positive view” of the program.[1] Medicare Advantage is utilized by many lower income seniors with 41 percent of Advantage enrollees living on incomes below $20,000 per year.[2] Medicare Advantage plans provide seniors with additional benefits such as vision and dental services, require low cost-sharing, and have a cap on out-of-pocket costs, a protection not available to seniors using traditional Medicare. These benefits are important to all seniors who choose to enroll, but particularly for low-income seniors with budgets already strained by health care costs.

Reducing payments to Medicare Advantage plans will hurt low income beneficiaries in several ways. For one, they may have fewer plans to choose from in their area. Additionally, the plans that do survive will respond to the cuts by reducing optional benefits, raising out of pocket costs (premiums, co-payments and maximum out of pocket costs), and/or further limiting the physician network. As shown below, the amount of the cuts over 2014 and proposed for 2015 is estimated to sum to $65-$145 per beneficiary per month in reduced benefits and added out of pocket costs.[3] These cuts will unduly impact minority groups since African American and Hispanic enrollees make up a disproportionate share of the Medicare Advantage population.[4] All enrollees will experience the increased costs created by cuts to Medicare Advantage, with low income seniors getting hit the hardest.

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[1] http://americanactionnetwork.org/topic/aan-releases-national-seniors-healthcare-survey