Weekly Checkup

They Don't Call it Medicare Disadvantage

JACKSON HAMMOND | SEPTEMBER 2, 2022

At the beginning of August, the Centers for Medicare and Medicaid Services issued a Request for Information (RFI) for the Medicare Advantage (MA) program, seeking input from stakeholders on a few key areas of interest. The American Action Forum (AAF) has submitted a comment, but as of this writing, it has not yet been posted to the official register site, so you can read it here. Nevertheless, I'll go over the basics of what I covered in that letter below.

MA is increasingly popular, and its popularity has been buttressed by its accessibility as well as its affordability for beneficiaries. On the accessibility front, major strides were made when regional plans were created in 2006 with the intention of expanding access to MA plans for Medicare beneficiaries living in areas local plans were not sufficiently serving, particularly those in rural areas. **In 2005, only 84 percent of Medicare beneficiaries had access to an MA plan; by 2006, the first year regional plans were offered,? 100 percent?of beneficiaries had access to an MA plan, and that percentage remained at 100 until 2015 when it dropped to ?99 percent, where it has remained through 2020.**

On the affordability side, a Milliman report found that MA has advantages for both beneficiaries and the federal government. In 2021, MA's per-member, per-month (PMPM) cost to the federal government was $943, versus $949 for traditional Medicare fee-for-service (FFS) for Parts A and B. MA beneficiaries spent on average $113 PMPM on health care as part of their MA plan, while FFS beneficiaries spent $253 as part of FFS, resulting in an average yearly savings of $1,680. **In total, MA plans are roughly 12 percent cheaper on average than FFS when factoring in both government and beneficiary spending, while offering significantly more options than FFS that include vision, dental, and hearing coverage.**

It is likely these cost savings for beneficiaries are responsible for the greater health equity outcomes seen in MA. According to a report by the Better Medicare Alliance (BMA), dual-eligible beneficiaries, who are eligible for both Medicare and Medicaid services due to low incomes, reported greater access to a usual source of care in MA plans than FFS plans. The BMA report noted that among dual eligibles in MA Special Needs Plans (SNPs), 91 percent reported having a usual source of care, while 93 percent of dual eligibles in MA but not in SNPs reported having a usual source of care. These numbers compare favorably to the 86 percent of FFS dual eligibles who report having a usual source of care. The BMA report also found that dual-eligible beneficiaries in MA also attend 12 percent more office visits than FFS dual eligibles and had 33 percent fewer hospitalizations and 42 percent fewer emergency room visits compared with FFS dual eligibles. **Additionally, Black and Hispanic MA beneficiaries spent significantly less than their FFS counterparts. In 2019, Black MA beneficiaries spent $1,104 less than Black FFS beneficiaries, while Hispanic MA beneficiaries spent $1,421 less than Hispanic FFS beneficiaries.**

Patient outcomes are also better in MA despite having a higher proportion of beneficiaries with clinical and social risk factors. **A 2020 BMA report found that in 2018, MA beneficiaries with chronic conditions had 23 percent fewer inpatient stays and 33 percent fewer emergency room visits compared to FFS beneficiaries with chronic conditions.** MA beneficiaries with chronic conditions also had a 29 percent lower rate of potentially avoidable hospitalizations, 41 percent fewer avoidable hospitalizations, and 18 percent fewer avoidable hospitalizations. **MA beneficiaries with diabetes had a 52 percent lower rate of any complication and a 73 percent lower rate of serious complications than FFS beneficiaries.**

Given the left's desire to make MA more like FFS, the Biden Administration's RFI seems like it could be a move in that direction. **I'd like to remind you all that there's a reason it's called Medicare *Advantage*; making it more like FFS could take that advantage away.**