

# Know Your Facts Part 1

## Original Medicare vs. Medicare Advantage

### *In this issue ...*

*Differences between Original Medicare coverage and Medicare Advantage coverage.*

*Information to educate 65+ individuals to better understand the various health care plan options.*

*How Medicare Advantage coverage may affect rural residents.*

*The savings associated with Medicare Advantage may look enticing, but look further and understand the risks.*

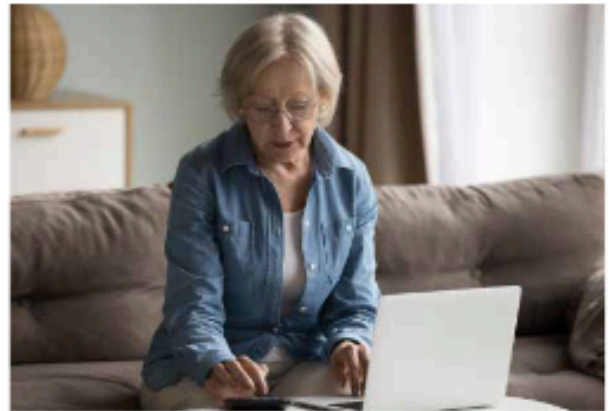
Medicare open enrollment is scheduled to run Oct. 15 to Dec. 7. That's when seniors can switch coverage between Original Medicare and Medicare Advantage, or change a prescription drug plan.

At first glance, it may be easy to see the appealing parts of Medicare Advantage. Original Medicare includes Part A, for in-patient hospital and skilled nursing care, and Part B, for doctor services. These plans typically cost about \$175 a month<sup>1</sup> (with the cost deducted from your social security check). Many people pay extra for Medigap, to cover copays and other out-of-pocket costs, as well as a Part D plan for drugs.

Medicare Advantage plans (also called Part C), provide the benefits of Part A, B, and often D, usually for about the same amount, with lower copays, so there's no need for Medigap. Some Medicare Advantage plans offer benefits not in Original Medicare, such as fitness classes or vision and dental care.

This often sounds good – but review the details closely. Choosing between the two requires careful consideration of your finances and health needs. Medicare Advantage plans can carry hidden risks, especially for people with major health issues.

Some people in Medicare Advantage may end up paying unexpectedly high costs when they



*It's imperative senior citizens do their due diligence when selecting a health insurance plan. Your local health care providers can help.*

**Medicare Advantage plans can carry hidden risks, especially for people with major health issues.**



# Original Medicare vs. Medicare Advantage

become ill or find that their network lacks the providers they need.

With Original Medicare you can see any provider who accepts Medicare, which is most. However, Medicare Advantage plans typically require that you get care from a more limited network of providers, and in most cases, you will need a pre-authorization from the insurance payer to see specialists, receive Part B drugs, get skilled nursing facility stays or inpatient hospital stays, receive mental health services or receive diagnostic services such as procedures, labs, tests, therapy, dialysis, hearing, eye exams, dental care and many other services.

A study in the Annals of Internal Medicine found that switching to Medicare Advantage was associated with increased financial burden among vulnerable populations, especially those with low incomes<sup>2</sup>.

Medicare Advantage plans may be especially problematic for people in rural areas. A 2021 study found that rural Medicare Advantage plan enrollees were nearly twice as likely to switch back to Original Medicare as those in urban areas<sup>3</sup>. The network of providers in rural areas are especially narrow, making it harder for people to get care.



*Rural citizens need to carefully review of Medicare Advantage plan as they may have trouble finding approved providers and rehabilitation services near their home.*

### Original Medicare vs. Medicare Advantage

#### Original Medicare is best for you if:

You have known health issues, prefer not needing a physician referral, and want access to a wide scope of physicians and hospital networks.

You want more predictable health care costs.

You require prescriptions.

#### Medicare Advantage is best for you if:

You are a healthy adult who prefers low premiums.

You are comfortable with managed care risks, limited networks and the need for prior approvals and referrals for most services.

**A 2021 study showed rural Medicare Advantage plan enrollees were nearly twice as likely to switch back to Original Medicare because of the limited network of providers<sup>3</sup>.**

#### SOURCES

1. <https://www.medicare.gov/basics/get-started-with-medicare>
2. <https://www.acpjournals.org/doi/10.7326/M23-2480>
3. <https://www.fiercehealthcare.com/payer/study-rural-patients-struggle-access-under-medicare-advantage>



# Know Your Facts Part 2

## Understanding Medicare Advantage

*Savings in your retirement years sound appealing until you are faced with denials and limited choices.*



Medicare Advantage (Medicare Part C) is a **REPLACEMENT** of Medicare Part A (Hospital Insurance) and Medicare Part B (Supplemental Medical Insurance). Medicare Advantage benefits are through a private insurance plan rather than from the Original Medicare program run through the federal government. When you agree to participate in a Medicare Advantage plan, you lose your Medicare Part A and Medicare Part B coverage.

Medicare Advantage allows members to select a private plan for health insurance to cover their Medicare Part A and Part B health care expenses, rather than Original Medicare. Some Medicare Advantage plans provide additional benefits compared to coverage under the Original Medicare program. Original Medicare offers additional Medigap plans that cover outstanding deductibles, coinsurance, copayments, additional benefits and out-of-pocket maximums. Members have an opportunity to select a new Medicare Advantage plan or to switch between Medicare Advantage and Original Medicare on an annual basis.

Medicare Advantage may be attractive to Medicare-eligible individuals because plans may provide additional services, have reduced or zero monthly premiums, set out-of-pocket maximums, and include drug benefits in one plan. However, these additional items come with a tradeoff to the members, and individuals need to be aware of them.

**When you agree to a Medicare Advantage (Medicare Part C) plan, you lose your Original Medicare Part A and B coverage.**

### *In this issue ...*

*Understanding Medicare Advantage.*

*How Medicare Advantage plans are reimbursed.*



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# Understanding Medicare Advantage



### PROS OF MEDICARE ADVANTAGE

- May provide additional services beyond traditional Medicare such as vision, hearing and dental without a supplemental Medigap plan.
- Medicare Advantage has an annual maximum out-of-pocket payment, unlike Original Medicare. In 2024, the maximum cost for a Medicare Advantage plan is \$8,850 and \$13,300 for combined in-network and out-of-network services<sup>1</sup>.
- Many Medicare Advantage plans have the ability to combine drug coverage and medical coverage into one plan. Rather than paying for a separate Part D plan to supplement Medicare Part A and Medicare Part B.

### CONS OF MEDICARE ADVANTAGE

- Medicare Advantage members generally have very limited provider networks. In 2017, a study found that the average Medicare Advantage plan only includes about half of the physicians in the United States<sup>2</sup>.
- Unlike Original Medicare, a majority of the time Medicare Advantage members must seek approval to see a specialist for treatments or other services. If the member is denied approval to see a specialist, the care is not covered.
- Unlike Original Medicare, a majority of the time Medicare Advantage members must seek approval for most prescription drugs, inpatient stays, diagnostic services such as procedures, labs, tests, therapy, dialysis, hearing and many other services. If the member is denied approval for these tests or treatments, the care is not covered.
- Medicare Advantage members may end up spending more than those on Original Medicare with hidden costs and denied coverages.

### How Are Medicare Advantage Plans Reimbursed?

In addition to any monthly premiums from members, Medicare Advantage plans receive an agreed-upon payment from the government for the beneficiaries that they cover. This is a set rate per member, per year in exchange for the plan assuming responsibility for all Medicare Part A and Part B care and expenses related to the member.

Medicare Advantage is not currently cheaper than Original Medicare. In 2023, Medicare paid \$454 billion to private health plans to fund Medicare Advantage<sup>3</sup>. That amount represented 54 percent of total Medicare spending that year – up from 27 percent in 2015<sup>4</sup>. The cost of Medicare is increasing, but Medicare Advantage plans' share of total Medicare spending is growing even faster. In 2023, Medicare Advantage was six percent more expensive per member than if those same individuals were enrolled in Original Medicare<sup>5</sup>.

### SOURCES

1. <https://www.medicare.gov/basics/get-started-with-medicare>
2. <https://www.kff.org/medicare/report/medicare-advantage-how-robust-are-plans-physician-networks/>
3. <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2024-premiums-out-of-pocket-limits-supplemental-benefits-and-prior-authorization/>
4. <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2024-enrollment-update-and-key-trends/>
5. <https://www.commonwealthfund.org/publications/explainer/2024/jan/medicare-advantage-policy-primer#:~:text=Older%20and%20more%20recent%20studies,of%2017%20percent%20in%202009>



# Know Your Facts Part 3

## Steps Before Signing Up for a Medicare Advantage Plan



*A comprehensive checklist to ensure you've considered budgets, provider locations and what-ifs.*

**1**

**Ask yourself the following questions.**

- Do I qualify for any kind of payment assistance or have access to other coverage such as Medicare Savings Programs, Part D Low Income Subsidy or Medigap plans?
- Am I comfortable with my care choices being directed by my insurance payer over the advice of my physician?
- Do I travel outside my general home area?
- What medications do I take?
- How important are limits on my annual maximum out-of-pocket costs?
- What is the value of coverage of other possible services such as dental, hearing and health club memberships?
- What is the value to have convenience of staying with the Original Medicare option knowing the services they cover versus annual checking to ensure networks and coverage requirements are not changing?
- How do I feel about a Medicare Advantage plan challenging my physician's determination of the care I need as reasonable and necessary?

- Will I be more likely to seek medical care if it is:
  - Easily accessible and almost all physicians and facilities are available?
  - Convenient and coverage is available for care in most geographic areas?
  - Lower cost?

**2**

**Assess your current coverage.**

If you're already enrolled in Medicare, you received an annual notice of change letter, which details any changes in your plan's benefits.

**3**

**Know your Medicare options.**

Research the difference between Medicare Part A, Medicare Part B, Medicare Part C and Medigap.



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# Steps Before Signing Up for a Medicare Advantage Plan

# 4

## Understand the Medicare Advantage plan's network.

Medicare Advantage plans have a limited network. Write down any physician, hospital or medical clinic you may need. Call each of them to ask what Medicare Advantage plans they accept.

***Medicare Advantage can look inexpensive; however, you must dig a little deeper to fully understand your potential out-of-pocket costs.***

# 5

## Compare all out-of-pocket costs.

Examine your benefit statements and medical bills from the past year and add up what you paid in deductibles and copays plus monthly premium costs; this is when Medicare Advantage can look inexpensive; however, you must dig a little deeper to fully understand your potential out-of-pocket costs with a Medicare Advantage plan. Consider any medical care you may need in the following year, say, a knee replacement, dialysis or a pacemaker. For many people, opting for Original Medicare plus a Medigap plan offers more financial security with no surprises.

# 7

## Call the insurance payer directly and ask questions.

- If a physician I need to see is out-of-network, will the plan cover my visits? Will I pay more out-of-pocket for an out-of-network provider or facility?
- What is the service area for this insurance plan and how far may I need to travel to find an in-network specialist or facility for specialized services?
- Does my physician need to get approval from the plan to admit me to a hospital?
- Do I need an approval from my physician to see a specialist?
- Are there higher copays and deductibles for certain types of care, such as hospital stays, home health care or rehabilitation care?
- Does the plan cover any services that Original Medicare does not? Are there any rules, policies or restrictions that I need to be aware of before accessing these benefits?
- Does the plan impose any coverage restrictions on prescription drugs? Can we go through my current prescriptions to determine if they are on the insurance plan's formulary?
- How much will I have to pay for brand-name drugs?
- Will I be able to use my local pharmacy?
- Will the insurance plan cover me when I travel out-of-state?
- Does the plan cover skilled nursing care after hospitalization and are there any rules, policies or restrictions that I need to be aware of?

# 6

## Investigate managed care requirements.

Are you comfortable with your care choices being directed by the insurance payer? Medicare Advantage plans many times require approval to see specialists or to receive health care such as tests, treatments or labs. Many times the insurance payer will decide the care you need over the advice of your physician.

**Steps Before Signing Up for a Medicare Advantage Plan**

**8 Consider the consequences of switching.**

When you initially enroll in Medicare at age 65, you have a guaranteed right to purchase a Medigap plan. Insurers are required to renew coverage each year as long as you continue to pay your premiums. If you try to buy a Medigap policy after that enrollment window, insurance plans can turn you down or charge you more, due to pre-existing conditions.

**9 Consult your health care provider and local hospital.**

One way to learn about a Medicare Advantage plan's approval and authorization practices is to ask your health care provider and local hospital.

**Original Medicare**

MEDICARE PART	DESCRIPTION	EXAMPLE OF COSTS
Part A (Hospital Insurance)	Helps cover inpatient care in hospitals, skilled nursing facility, hospice care and home health care.	\$0 Monthly Premium. \$1,600 per benefit period <i>*please reference <a href="https://www.medicare.gov">Medicare.gov</a> for definition of benefit period</i>
Part B (Medical Insurance)	Helps cover: <ul style="list-style-type: none"> <li>• Services from physicians and other health care providers;</li> <li>• Outpatient care;</li> <li>• Home health care;</li> <li>• Durable medical equipment; and</li> <li>• Preventative services such as vaccines and wellness visits.</li> </ul>	Monthly Premium \$175 (or higher depending on your income.)  \$240 Annual Deductible.  20% Co-Payment on Medicare-covered items after you've met the deductible.
Part D (Drug Coverage)	Helps cover the cost of prescription drugs including many recommended shots or vaccines.	Varies by plan.



**\*\*\*A Medigap policy is different from Medicare Advantage plans (Part C). Be cautious. Medicare Advantage plans can often be purchased with the perception you are purchasing a Medigap plan. See Medigap options on next page.**



## Know Your Facts Part 3

# Steps Before Signing Up for a Medicare Advantage Plan

## Medicare Advantage

MEDICARE ADVANTAGE	DESCRIPTION	EXAMPLE OF COSTS
Part C (Medicare Advantage) <i>* Note, this replaces Part A and Part B, Medigap and sometimes Part D</i>	Medicare approved plan from a private insurance company that offers an alternative to Original Medicare for health and drug coverage.	Varies by plan.
Part D (Drug Coverage)	Helps cover the cost of prescription drugs including many recommended shots or vaccines.	Varies by plan.

## Medigap Options

Medigap Benefit	Plan A	Plan B	Plan C	Plan D	Plan F	Plan G	Plan K	Plan L	Plan M	Plan N
Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are used up	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Part B coinsurance and copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Blood (first 3 pints)	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Part A hospice care coinsurance or copayment	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Skilled nursing facility care coinsurance			✓	✓	✓	✓	50%	75%	✓	✓
Part A deductible		✓	✓	✓	✓	✓	50%	75%	50%	✓
Part B deductible			✓		✓					
Foreign travel exchange			80%	80%	80%	80%			80%	80%
Out-of-pocket limit							\$7,060	\$3,530		

***There is help out there.***

***Contact your local health care providers. They can connect you with individuals who can help you navigate the differences between Original Medicare and Medicare Advantage.***

