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The facts about Medicare Advantage cuts

Current Medicare recipients, particularly those who have Medicare Advantage plans, may have noticed recent television ads by the health insurance industry featuring seniors indicating that they will lose their Medicare benefits. The focus of the ads, according to *The Hill Healthwatch* (<http://thehill.com/blogs/healthwatch/medicare/288771-insurers-launch-new-tv-ads-against-Medicare-Advantage-cuts>), is to protest cuts by the Centers for Medicare and Medicaid (CMS) as well as a result of the Affordable Healthcare Act. Seniors in the latest ad speak about the “drastic consequences” of losing their Medicare Advantage plans, indicating that seniors will be “in bad shape financially.” Seniors and their families should seek information about Medicare Advantage plans and the proposed and actual cuts from sources other than the insurance industry.

Medicare Advantage plans, or Medicare Part C plans, are private Medicare plans that an eligible Medicare beneficiary chooses as their Medicare coverage as an alternative to Original Medicare. Most are HMO or PPO plans, originally developed to save the Medicare trust fund money by managing care. Unfortunately, such plans actually cost the federal government a great deal of money paid to the plans to remain in the Medicare program, resulting in these plans being more expensive than Original Medicare. Original Medicare Part A is free to most persons, although most people purchase a Medigap insurance plan (for which a premium is paid) to fill in the coverage gaps in terms of co-insurance and deductibles. Advantage plans serve to substitute for Original Medicare plus a Medigap plan. Beneficiaries may obtain prescription drug coverage from the Advantage plan for an additional cost. There is still a premium for Medicare Part B (\$104.90 for most beneficiaries) even if you have a Medicare Advantage plan. Advantage plans usually have co-payment obligations, as well as co-insurance and deductibles in some situations.

On the AARP website are two sections that deal with the Affordable Healthcare Act and how Medicare is affected. Beneficiaries would be advised to review these sections rather than listening to special interest groups such as the insurance industry or well-meaning friends and neighbors. It is true that the Affordable Healthcare Act required Medicare to reduce subsidies to Medicare Advantage plans to bring payments more in line with Original Medicare. The savings will help the Medicare program, including funding the reduction of the prescription drug coverage gap or “donut hole.” It will also provide funding for more preventative care. There is a bonus structure in place for the Medicare Advantage plans to encourage high quality care. Plans must use some of the bonus money to provide extra benefits and/or rebates to the plan participants. Starting in 2014, Advantage plans must limit how much to spend on administrative costs. All of these changes, in addition to the proposed 2.2 percent additional cut in payments to the plans will result in each plan deciding what to do about continuing in the Medicare program, and at what cost to its participants.

All current and potential Medicare beneficiaries should carefully review **all** plans (including Original Medicare with a Medigap plan) with a trusted advisor, such as a Medicare insurance specialist or an APPRISE counselor (contact your local Office of Aging to find one). No one who currently receives Medicare will lose Medicare as insurance, even if their current Advantage plans withdraws from the program.