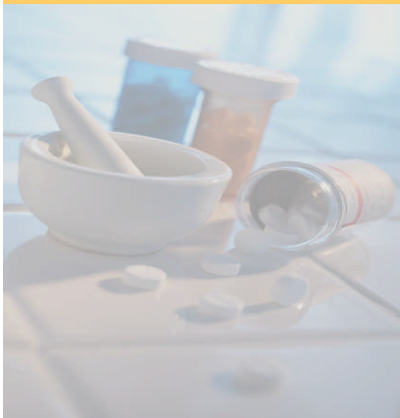
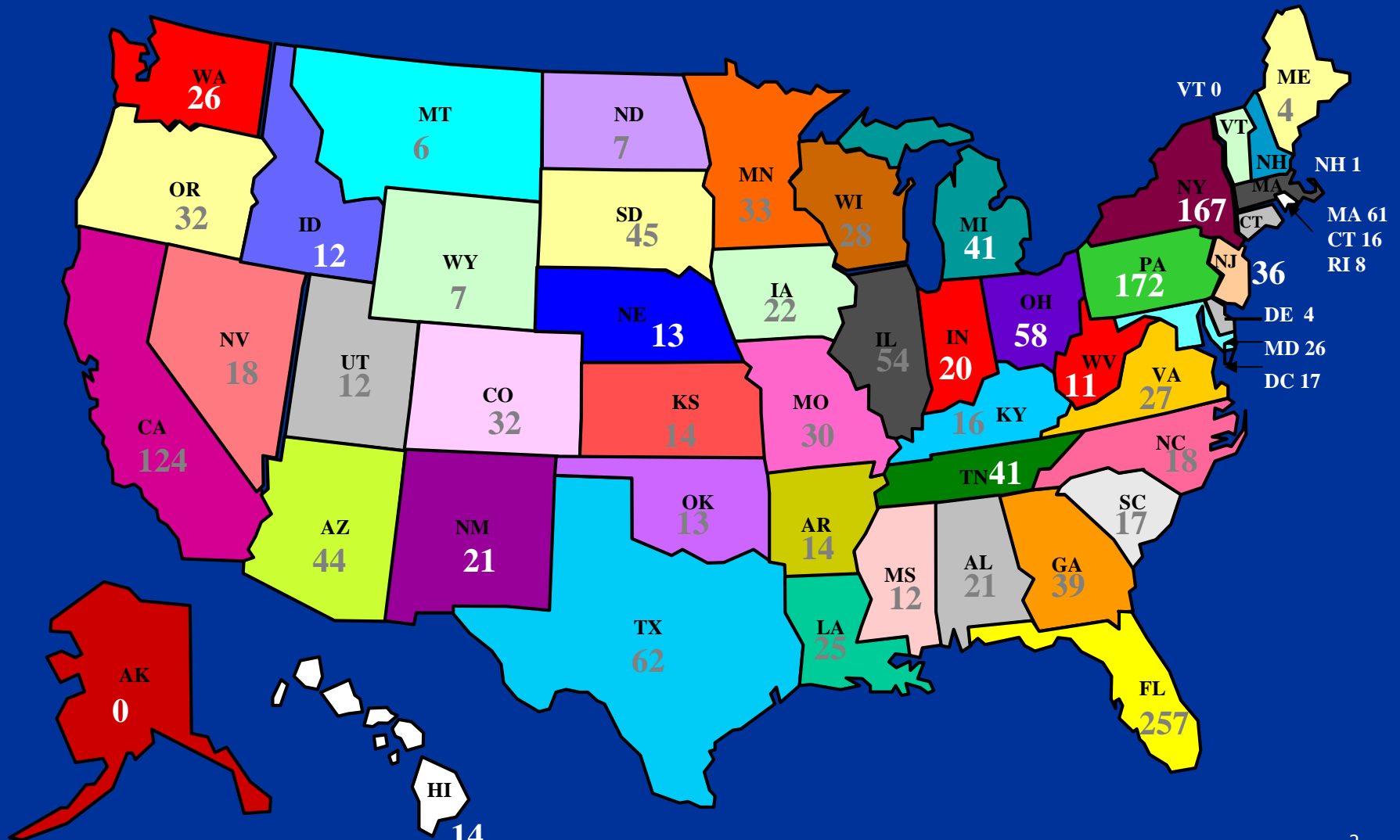


Medicare Advantage

Abby L. Block, Director
Center for Beneficiary Choices
Centers for Medicare & Medicaid Services
May 19, 2006
Alliance for Health Reform



MA-PD Plan Options



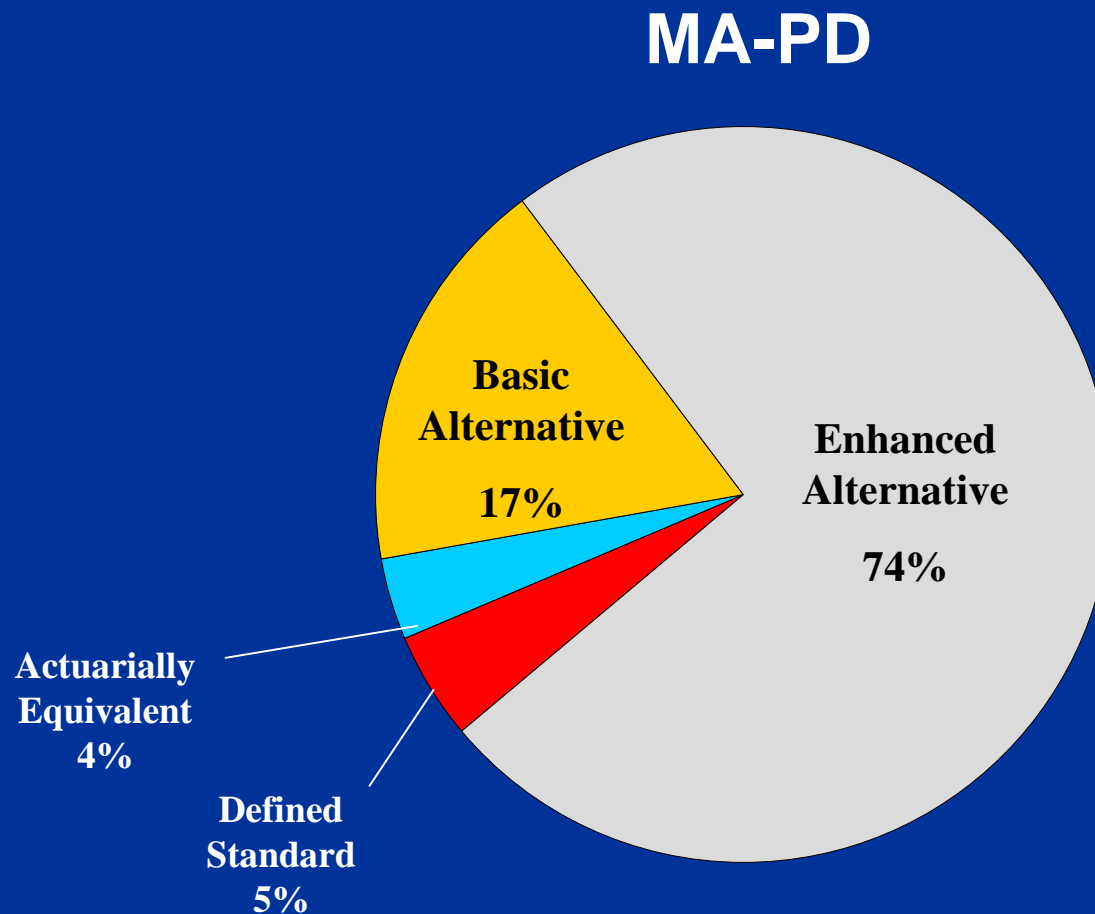
Based on data as of 10/10/05

Medicare Advantage Plans

- **Regional PPOs**
 - 11 Organizations in 38 States
- **Local PPOs**
 - 131 Organizations in 42 States
- **Local HMOs**
 - 259 Organizations in 45 States
- **Private Fee-For-Service**
 - 25 Organizations in 50 states, and DC and Territories
- **Others- Cost Plans, Demonstrations**
 - 69 Organizations in 30 States

Benefit Types

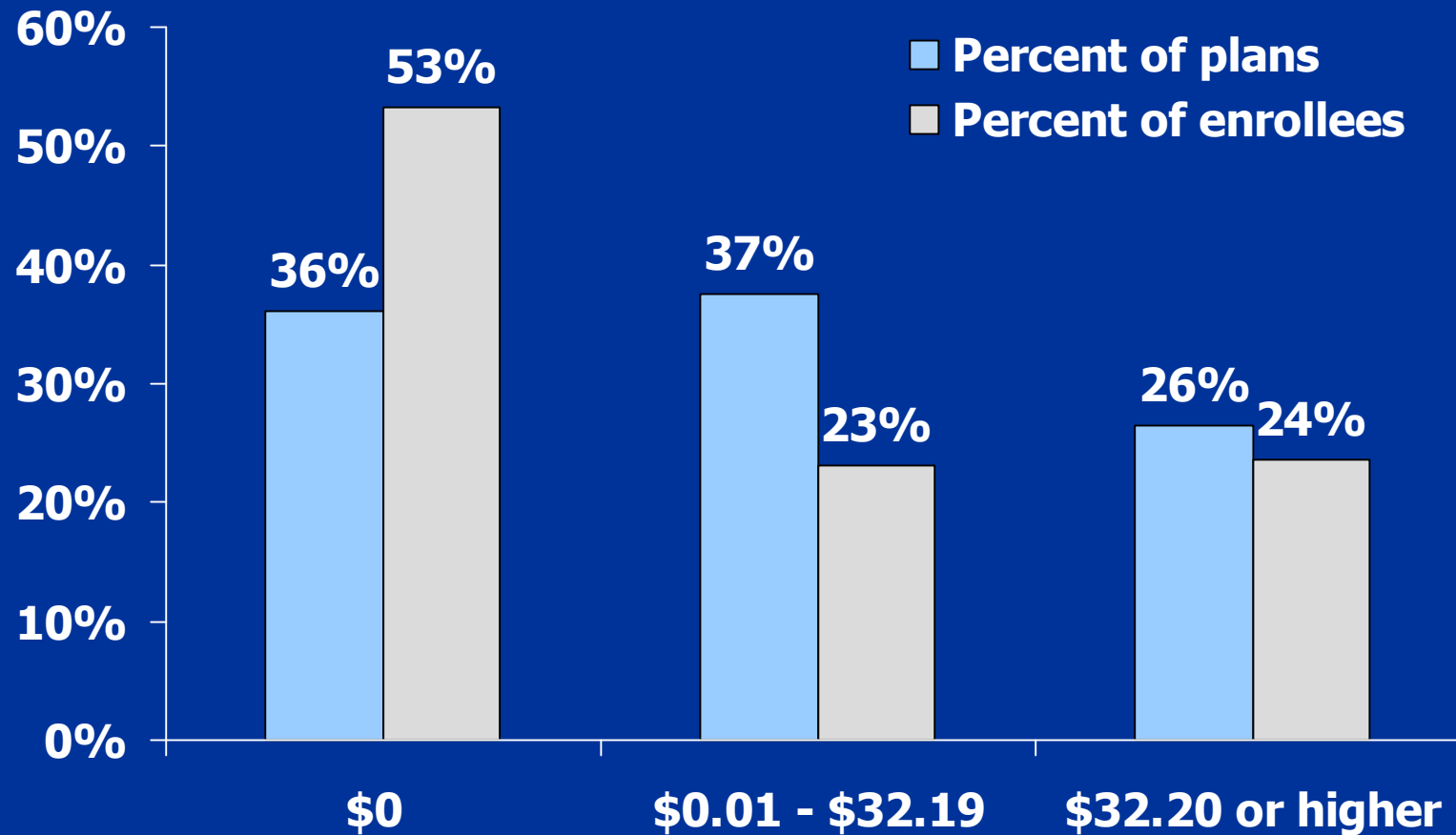
Percent of Enrollment by Benefit Type*



* Excluding Full-Benefit Dual Eligible Beneficiaries

MA-PD Drug Premiums

Percent of Plans and Enrollees by Premium*



Note: premiums shown represent only Medicare Part D Drug Premiums; beneficiaries may be responsible for Part C premiums

* Excluding Full-Benefit Dual Eligible Beneficiaries

MA Bidding Process

- If bid < benchmark,
CMS payment = bid (risk adjusted) + rebate
 - 75% of difference between plan A/B bid & plan A/B benchmark (reflecting plan projected risk profile) is REBATE that must be used to offer extra benefits.
 - 25% is retained by government
 - No basic beneficiary premium for Medicare-covered services
- If bid = benchmark, CMS payment = bid (risk-adjusted)
 - No rebate; no basic beneficiary premium
- If bid > benchmark, CMS payment = benchmark (risk-adj.)
 - Plan revenue needs are met by CMS payment + basic beneficiary premium

MA Benefit Review

- All required Medicare Part A and Part B benefits are included
- Protections from discriminatory benefit packages
- Maintain a level playing field among plan bidders