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# Are Medicare Advantage Plans Meeting Expectations?

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America's Health Insurance Plans

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# Beneficiary Out of Pocket Costs: Are Medicare Advantage Plans a Better Deal?

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## Data from the Commonwealth Study

Out-of-Pocket Costs are Lower for Those:

- In good health in all 88 MA Plans Studied
- In fair health in 86 out of 88
- In poor health for 69 out of 88 (78%)

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# Are Medicare Advantage Plans a Better Deal: How Do We Establish a Benchmark to Consider this Question

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## Sample Size

- 88 plans out of 1607 (5.5% sample)

## Comparison of MA vs. Medigap F:

- Approximately 10% of the 10.6m Medigap Beneficiaries are in AARP F
- Drugs were provided to 80% of MA Beneficiaries in `05
- Additional Benefits Provided in MA

## Benchmark for Analysis

- Groupings of Health Status are not Experience Based
- Averages not Experienced Based

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# Are Medicare Advantage Plans a Better Deal: *AHIP* Other Issues Relevant to Comparison

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## – Broader Benefits

- MA Plans Offer Disease Management
- MA Plans Offer Care Coordination
- MA Plans Stop-Loss (85% enrollees)
- MA Plans Cap Hospital Cost Sharing (87% of enrollees)
- MA Plans Offer Prevention and Other Benefits
- MA Plans Offered Drugs in `05 – prior to Part D

## – Higher Quality

- JAMA – MA Plans Outperform FFS in 5 of 7 Key HEDIS Quality Measures

## – Higher Satisfaction

- Very Low Disenrollment



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## Are Medicare Advantage Plans a Better Deal?

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- Savings for Government
  - MA Plans Return 25% of Savings to Government = \$2.3 Billion Savings `06-`09
- Safety Net for Low Income
  - 50% of MA Enrollees in 2002 had incomes less than \$20,000
  - 71% non white enrollees had incomes lower than \$20,000



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# What Should You Know About 2005 vs. 2006

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**2005**

**2006**

**2007**

**Year 1 of Rebuilding of MA**

**Expansion Across  
Country**

**Continued  
Development**

**Payments 50%**

**75%**

**100%**

**Risk Adjusted**

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**Risk Adjusted**

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**300 New Special  
Needs Plans**

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# Opportunities for Improvement

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- Repeal Lock-in
- Continuously assess the predictive power of risk adjustment
- Discussion of new benefits should begin on FFS side and apply to entire program
- Simplify the information beneficiaries receive for plan selection



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## Partnering to Create Uniformity

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- **Beneficiaries:**
  - Standardized coinsurance/copay refund request forms
  - Enrollment Support – expanding authority for beneficiary representatives
  
- **Pharmacists:**
  - Standardized messaging
  - PQA – strategy for improving performance at the pharmacy/pharmacist level
  
- **Physicians:**
  - Standard formulary exception form and other coverage determination forms