

# Medicare Advantage: What Is It Really?

# Why Should Annuitants Care?

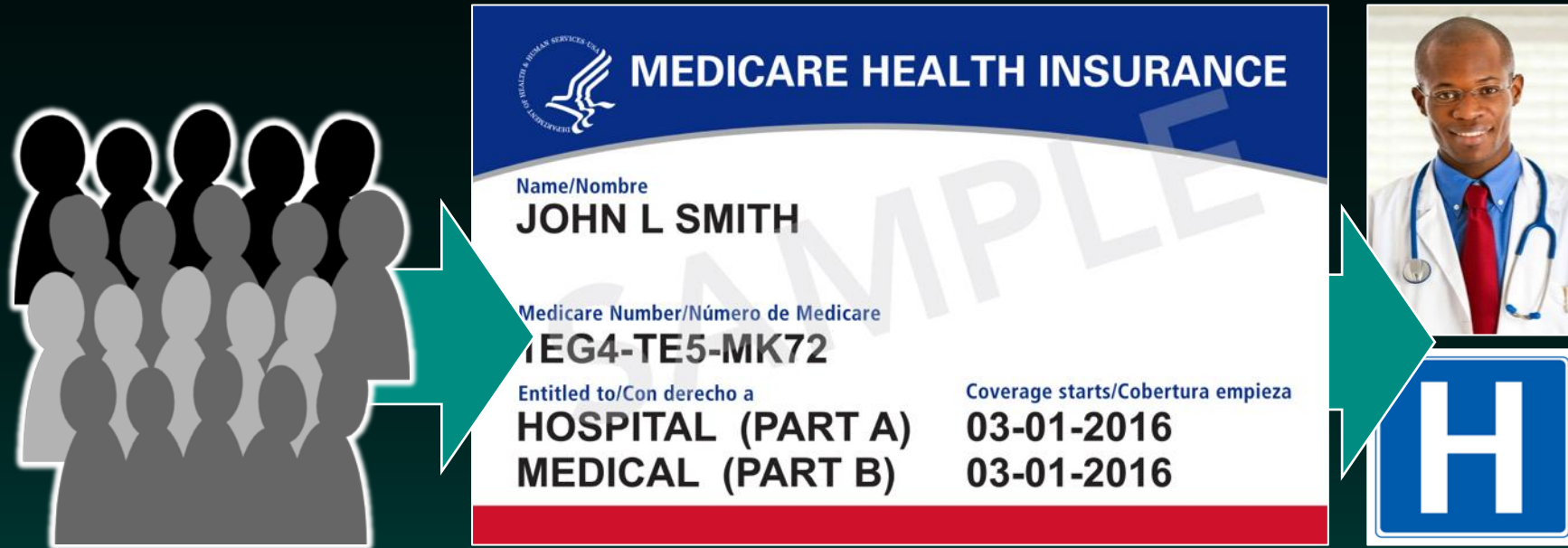
**Ed Weisbart MD**

Physicians for a National Health Program  
National Board Secretary and Chair, MO Chapter  
[Missouri@PNHP.org](mailto:Missouri@PNHP.org)

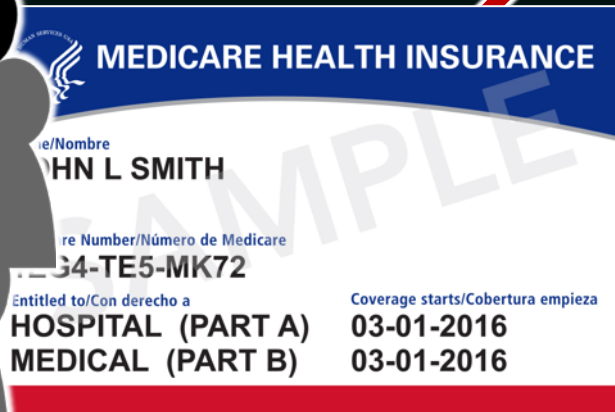
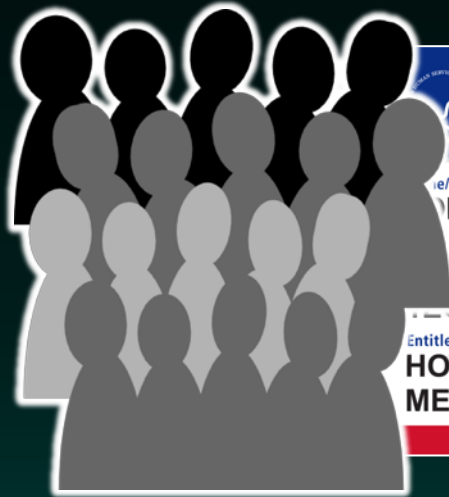


2% “overhead” means

# Traditional Medicare Is Simple and Efficient



# Medicare Advantage Is Complicated and Inefficient



## Fundamentally complicated

HMO-style tools  
(Prior Authorizations, etc.)

Smaller “networks”

Shun the sick,  
seek the well

High overhead  
and profits

Accusations, fines,  
settlements for **fraud**



# What's so great about Traditional Medicare?

**Health Insurance**

**SOCIAL SECURITY ACT**

NAME OF BENEFICIARY  
Harry S. Truman

CLAIM NUMBER  
488-40-6969A

SEX  
M

IS ENTITLED TO  
Hospital Insurance  
Medical Insurance

EFFECTIVE DATE  
7-1-66  
7-1-66

SIGN  
HERE

1. Fewest barriers, broadest networks
2. Lean and efficient
3. Effective (longer, healthier lives)



# Traditional Medicare Gives You Choice

## Most physicians accept Traditional Medicare

- Adult medicine: 89%
- Surgeons: 96%

**One national “network” provides the freedom to get healthcare anywhere in the USA**

## Many physicians are not in *any* “Advantage” plan

- Orthopedists: 66%
- Primary care: 55%
- Psychiatrists: 47%
- Cardiologists: 32%

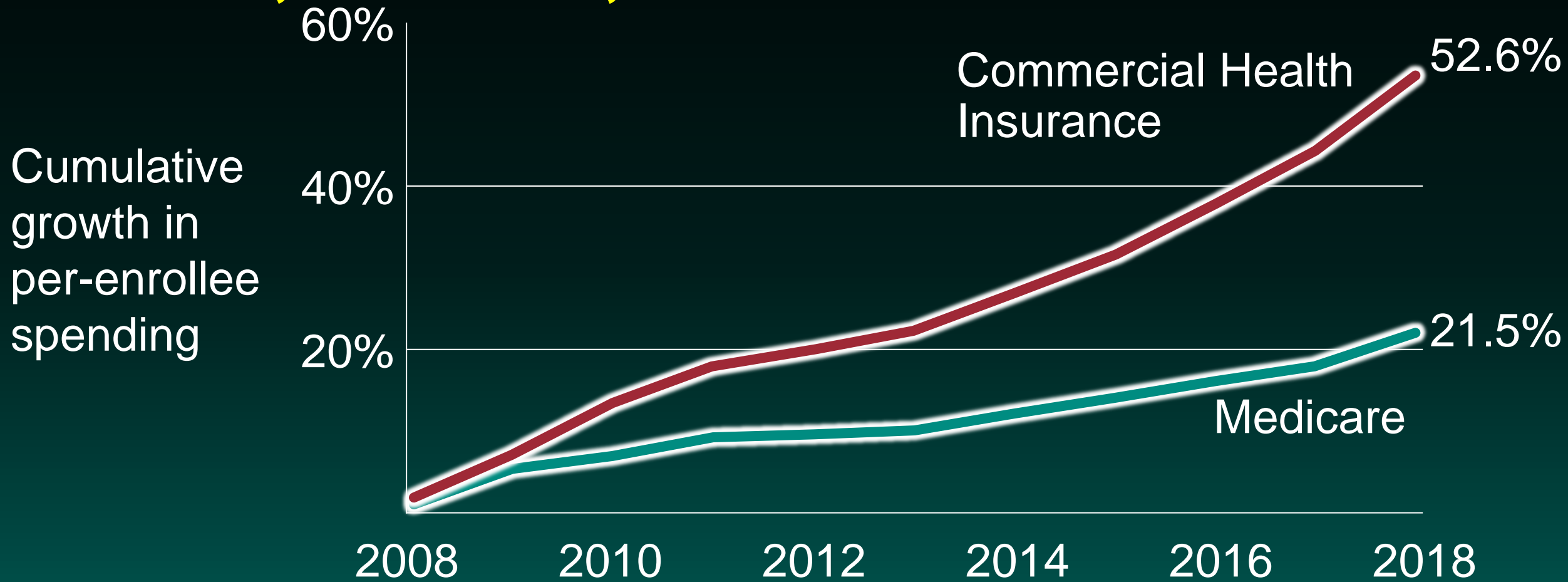
**MA networks tend to be local or regional**

Traditional Medicare data from survey in June 2022 by KFF, accessed Sept. 2 2022 at <https://www.kff.org/medicare/issue-brief/most-office-based-physicians-accept-new-patients-including-patients-with-medicare-and-private-insurance/>

Medicare Advantage data inferred from JGIM 2021;37:488

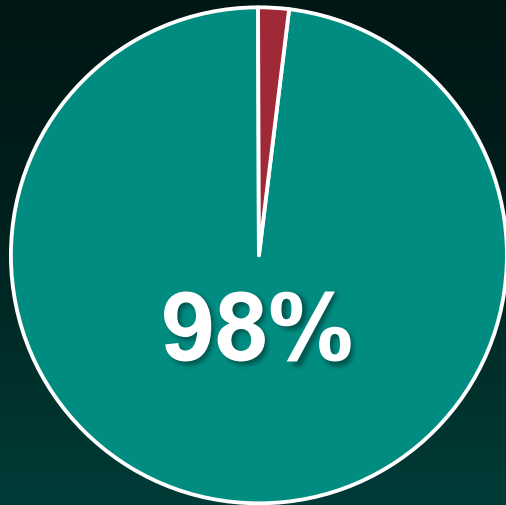


# Traditional Medicare Is Lean, Efficient, and Effective



# Traditional Medicare Is Lean, Efficient, and Effective

Traditional  
Medicare



■ Patient Care    ■ Overhead

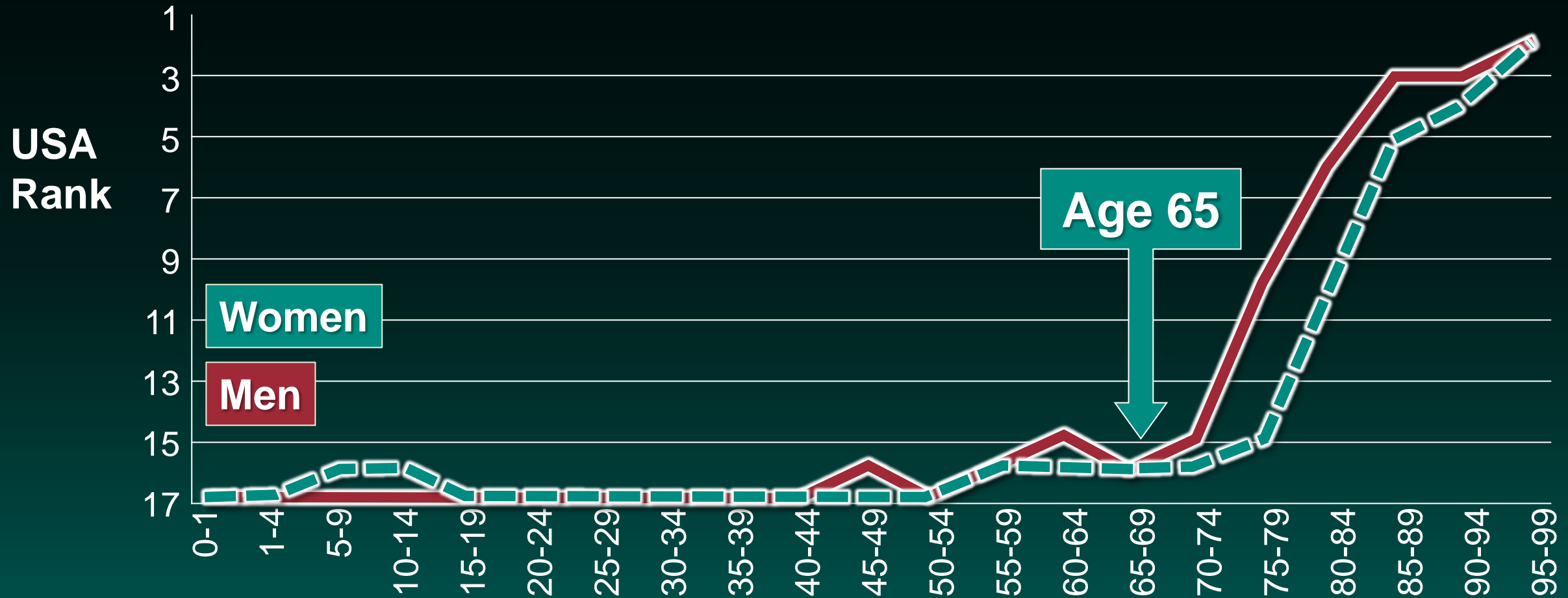
**2% overhead:**

It's difficult to imagine a  
more efficient healthcare program  
than **Traditional Medicare**

Medicare overhead drawn from Medicare Trust Fund reports over multiple years



# Traditional Medicare Means Healthier Americans



Institute of Medicine. Shorter Lives, Poorer Health.

Fig 1-9: Ranking of US mortality rates by age group among 17 peer countries, 2006-2008. 2013

Peer nations are Australia, Austria, Canada, Denmark, Finland, France, Germany, Italy, Japan, Norway, Portugal, Spain, Sweden, Switzerland, Netherlands, United Kingdom

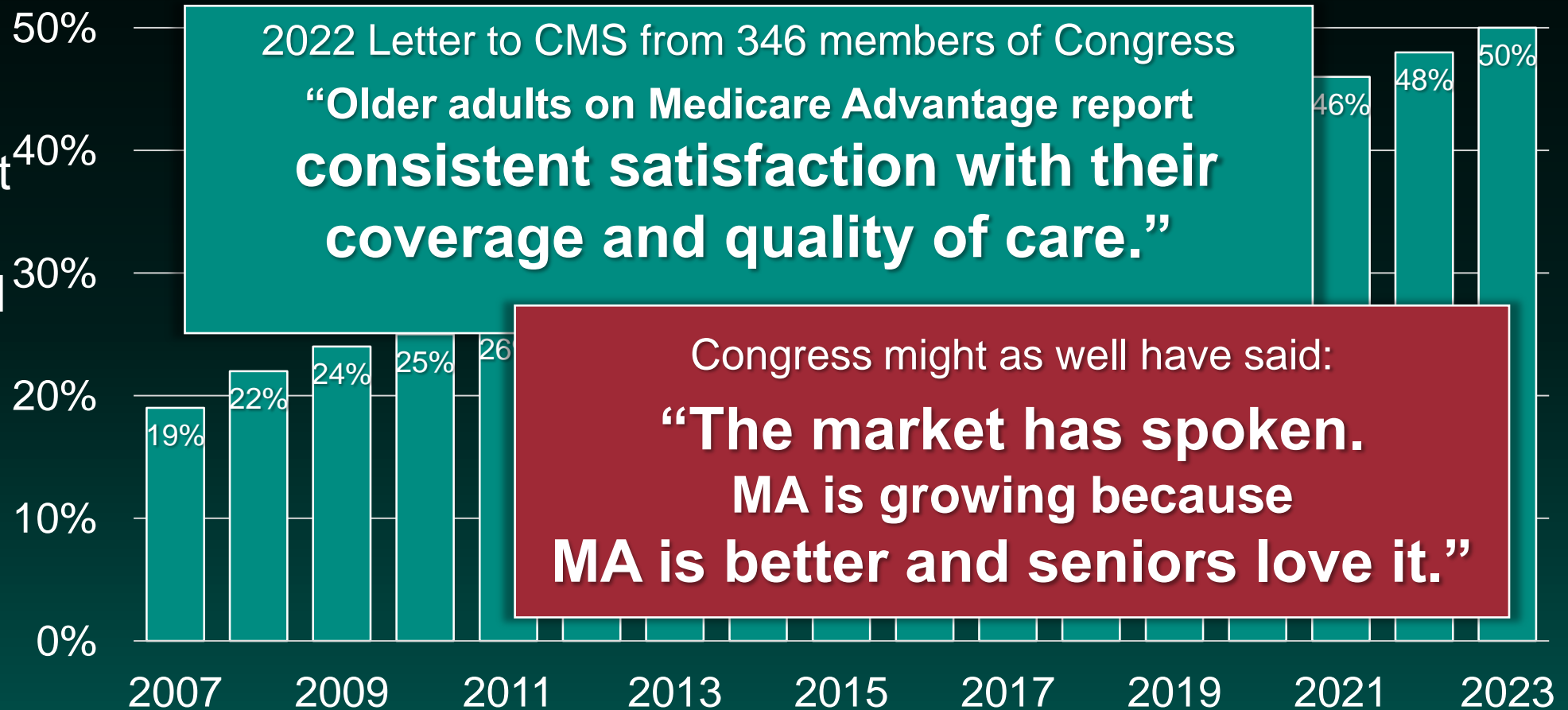
Age





# Half of all eligible Medicare beneficiaries Are Now In Medicare Advantage

MA enrollment  
as a share of  
the Part A and  
B population



# Medicare Advantage continues to Take Over Medicare

“If an ice cream firm can offer ice cream for free because of a subsidy, its market share will of course grow against firms that charge for ice cream.

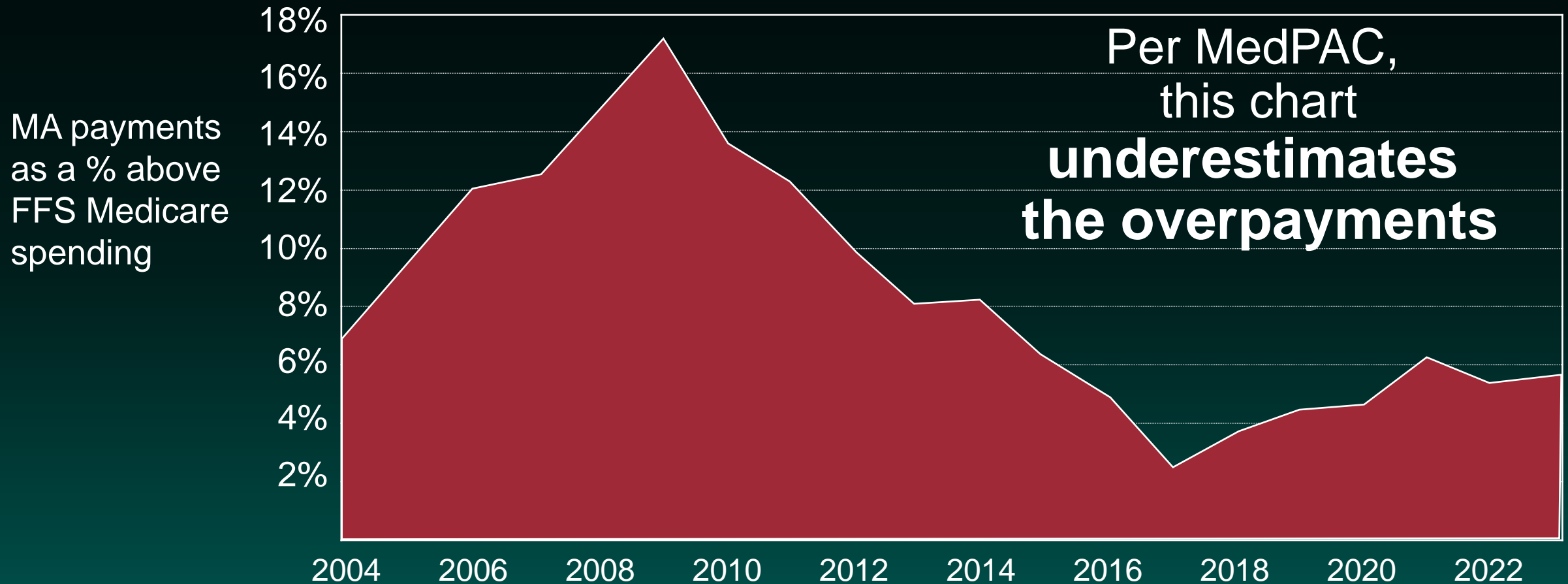
The cause is not **better** ice cream;  
it is **free** ice cream.”



Don Berwick MD



# Medicare has been consistently Overpaying Medicare Advantage



# The Business of Medicare Advantage

## Fraud

Settlements and fines **without admissions of guilt**

## Cherry picking

Get paid for an average person but **attract the healthiest**

## Lemon dropping

Expensive illnesses turn members into liabilities

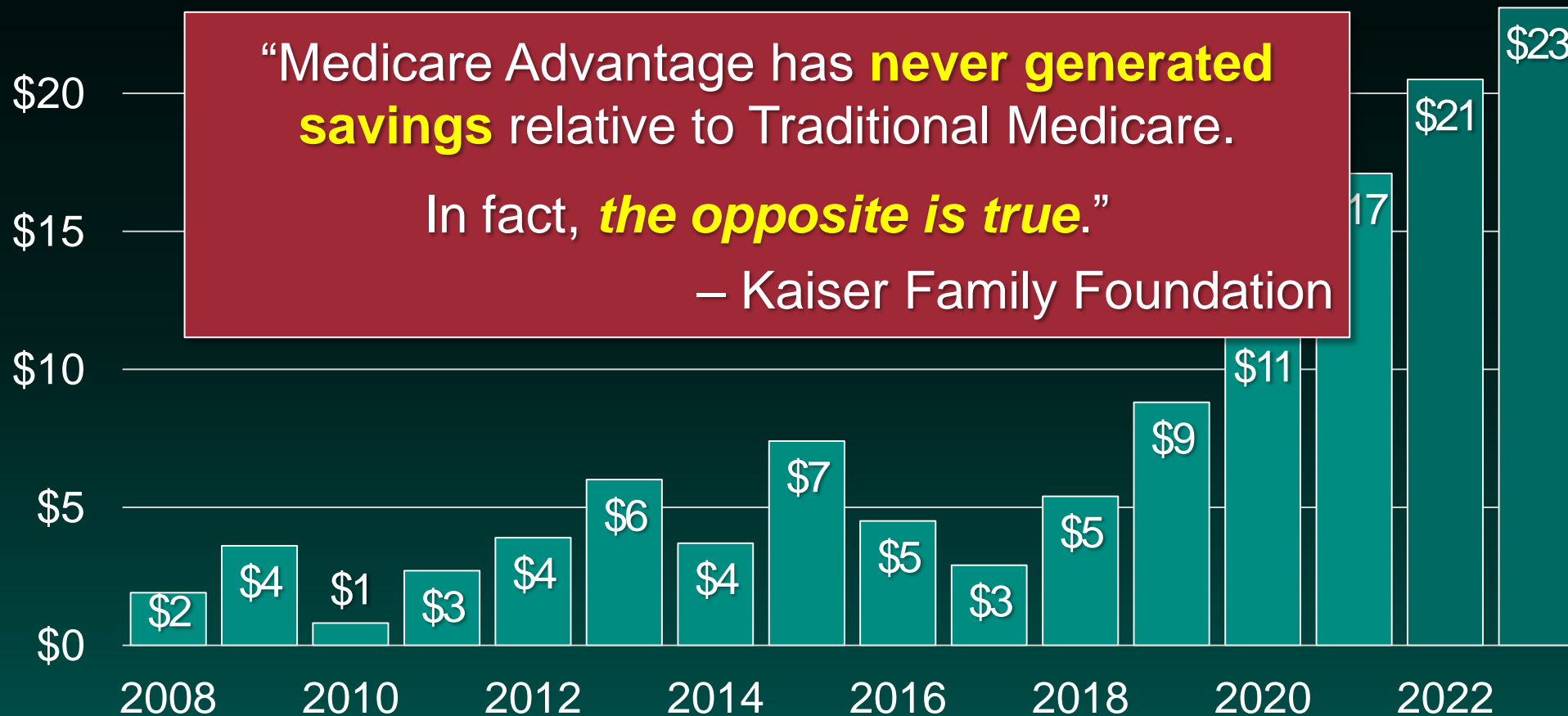
## Upcoding

Get paid for more diagnoses that don't need to be treated



# *Just the upcoding* in Medicare Advantage Drains Billions of Dollars from Medicare

\$ billions paid  
to MA plans  
based on  
differences in  
dx coding



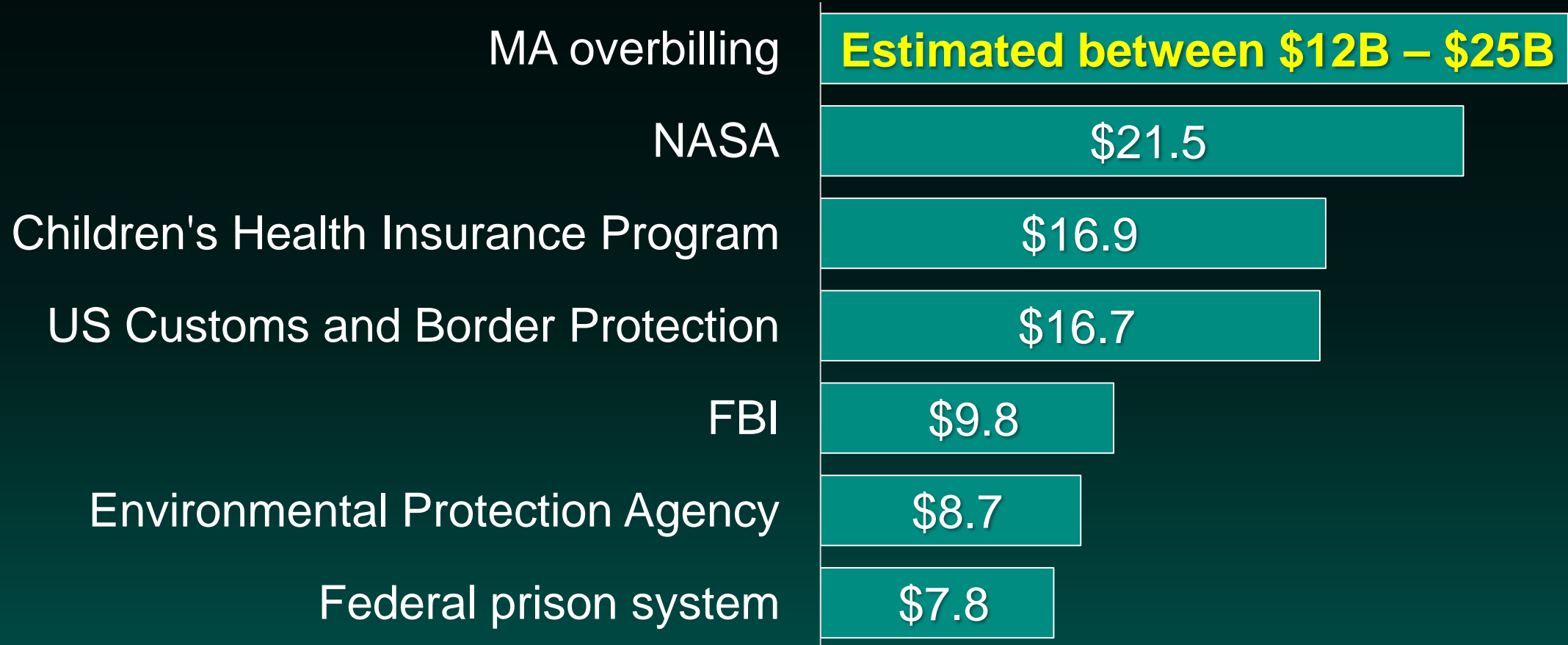
[https://www.medpac.gov/wp-content/uploads/2023/03/Ch11\\_Mar23\\_MedPAC\\_Report\\_To\\_Congress\\_SEC.pdf](https://www.medpac.gov/wp-content/uploads/2023/03/Ch11_Mar23_MedPAC_Report_To_Congress_SEC.pdf) 2022 and 2023 estimated by MedPAC

Accessed March 19 2023

[https://www.kff.org/medicare/issue-brief/higher-and-faster-growing-spending-per-medicare-advantage-enrollee-adds-to-medicare-solvency-and-affordability-challenges/?utm\\_campaign=KFF-2021-Medicare&utm\\_medium=email&\\_hsmi=2&\\_hsenc=p2ANqtz--NbWFYepJ3\\_bF07nVVqdBF1nXFKwXuVn9L66uGcq5hPdZ7Tiot2L7eMwnyN0vSI6Bnbb1hZiyrtzywKa3saASppissA&utm\\_content=2&utm\\_source=hs\\_email](https://www.kff.org/medicare/issue-brief/higher-and-faster-growing-spending-per-medicare-advantage-enrollee-adds-to-medicare-solvency-and-affordability-challenges/?utm_campaign=KFF-2021-Medicare&utm_medium=email&_hsmi=2&_hsenc=p2ANqtz--NbWFYepJ3_bF07nVVqdBF1nXFKwXuVn9L66uGcq5hPdZ7Tiot2L7eMwnyN0vSI6Bnbb1hZiyrtzywKa3saASppissA&utm_content=2&utm_source=hs_email)

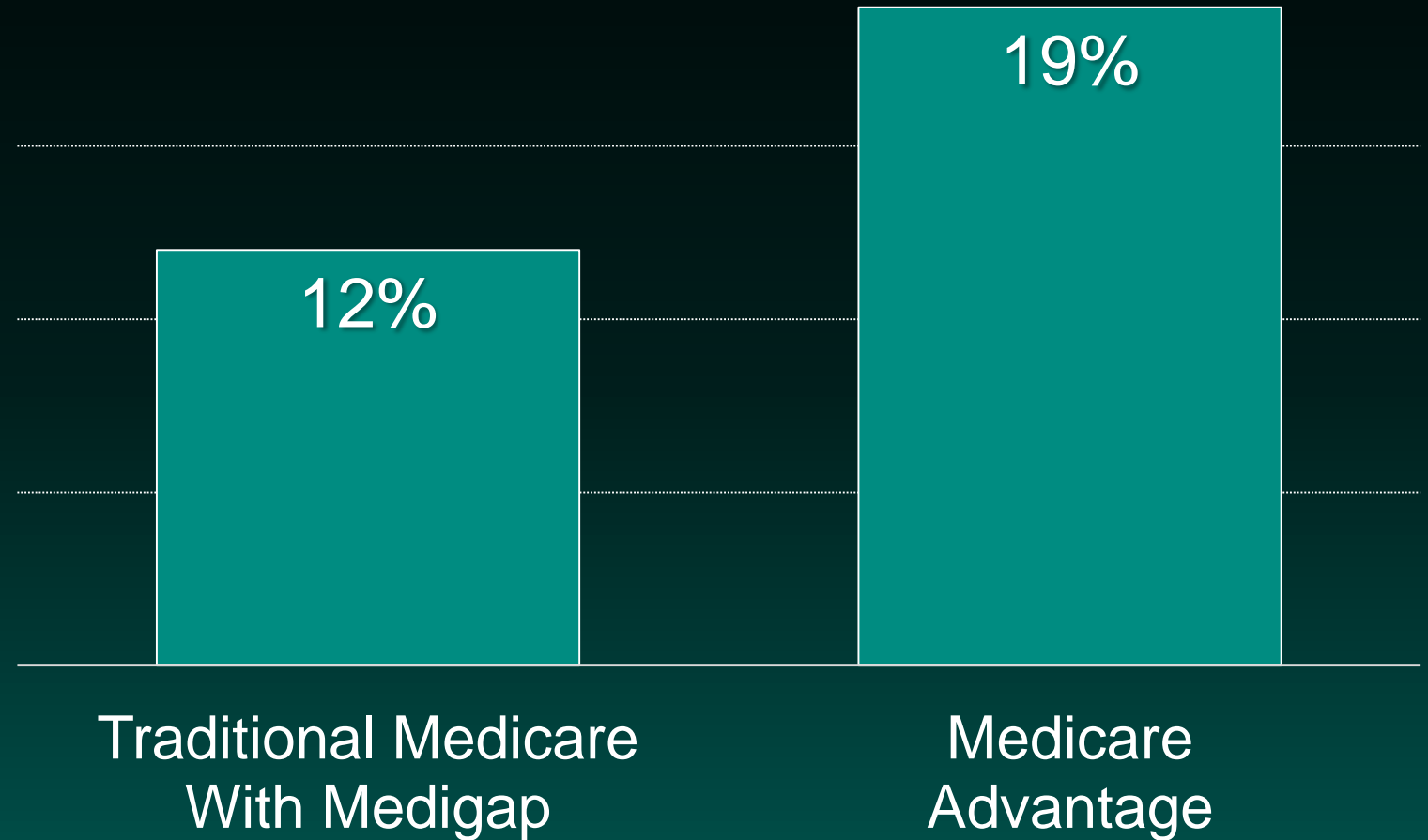


# **Overbilling** in Medicare Advantage Exceeds Entire Agency Budgets



# Medicare Advantage beneficiaries have More Cost-Related Problems

Percentage of all  
Medicare beneficiaries  
with cost-related  
problems accessing care  
(2021)

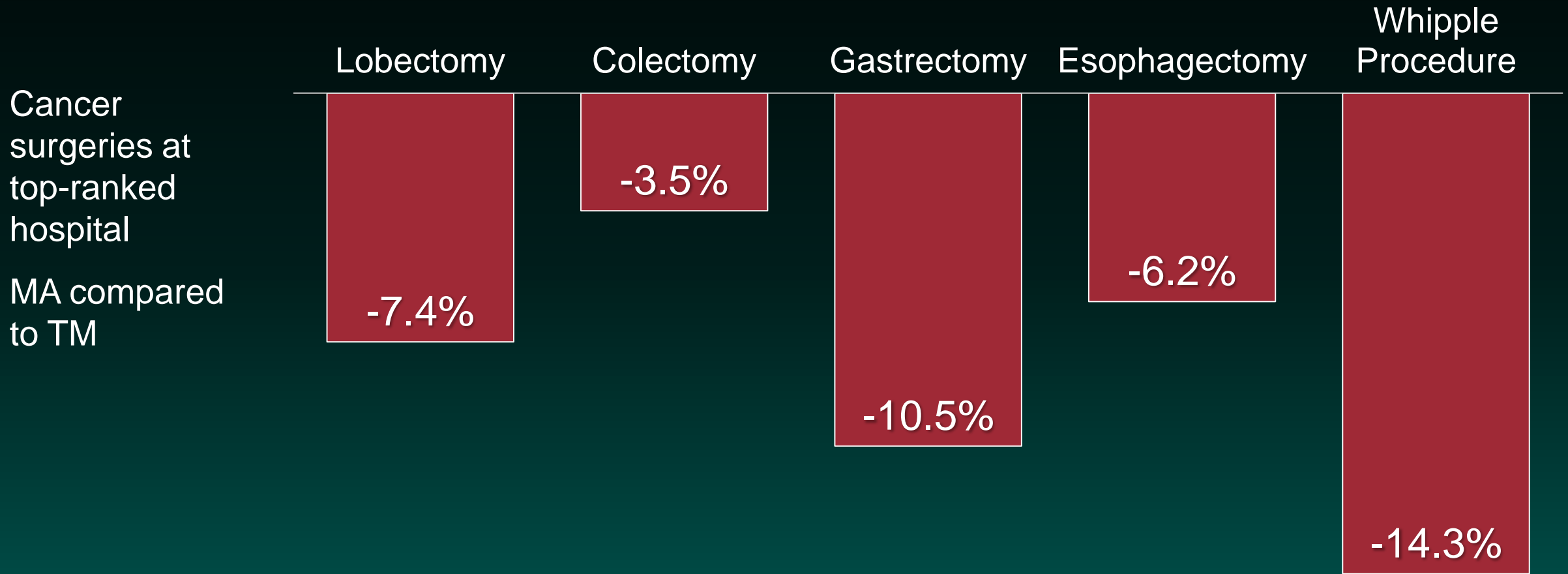


June 2021 issue brief from KFF accessed Oct 26 2022

<https://www.kff.org/medicare/issue-brief/cost-related-problems-are-less-common-among-beneficiaries-in-traditional-medicare-than-in-medicare-advantage-mainly-due-to-supplemental-coverage/>



# Medicare Advantage's networks guide patients Away From Top-ranked Cancer Hospitals



Daeho Kim et al. "Comparison of the Use of Top-Ranked Cancer Hospitals Between Medicare Advantage and Traditional Medicare," The American Journal of Managed Care 27, no. 10 (October 2021)

<https://www.ajmc.com/view/comparison-of-the-use-of-top-ranked-cancer-hospitals-between-medicare-advantage-and-traditional-medicare>





# Compared to Traditional Medicare, people in Medicare Advantage get **Less Rehabilitation and Home Care**

## **Hip or knee replacement**

- 4.6% fewer are admitted to rehab
- 7.0% fewer receive home health

## **Heart failure**

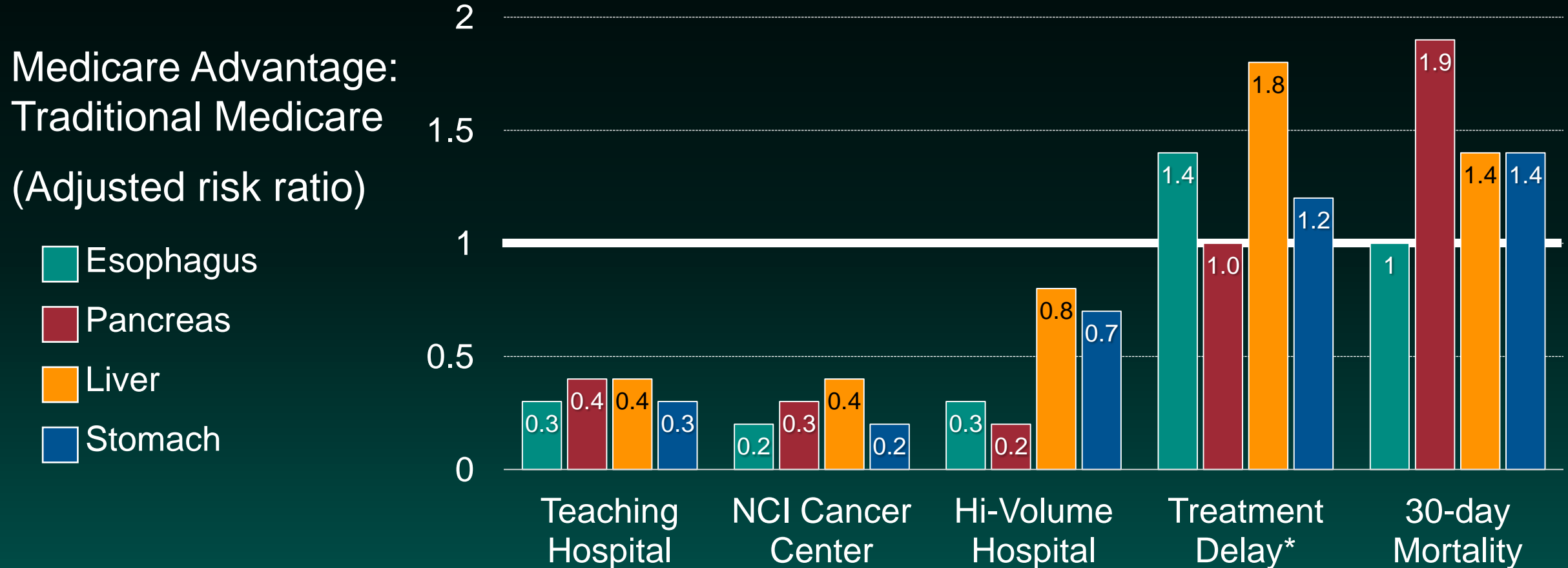
- 2.4% fewer are admitted to rehab
- 7.0% fewer receive home health

## **Stroke**

- 8.2% fewer are admitted to rehab
- 4.1% fewer receive home health



# Medicare Advantage Cancer Patients: Care Is Very Different



Source: J Clin Oncol. Published online 11/2/2020

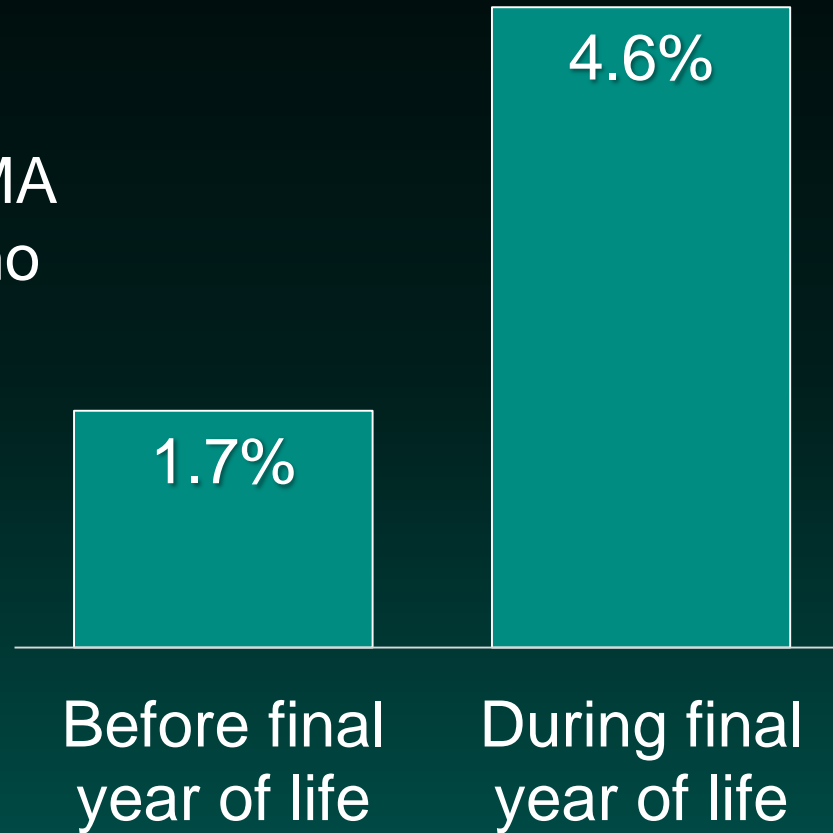
\*>2 weeks between diagnosis and treatment

Modified version of slides prepared by Drs. Steffie Woolhandler and David Himmelstein. Originals available at <https://www.citizen.org/article/updated-powerpoint-presentations-on-health-policy-issues-relevant-to-health-care-reform-and-a-national-single-payer-health-system/> (accessed Apr 12 2023)



# In their final year of life Patients Leave Medicare Advantage

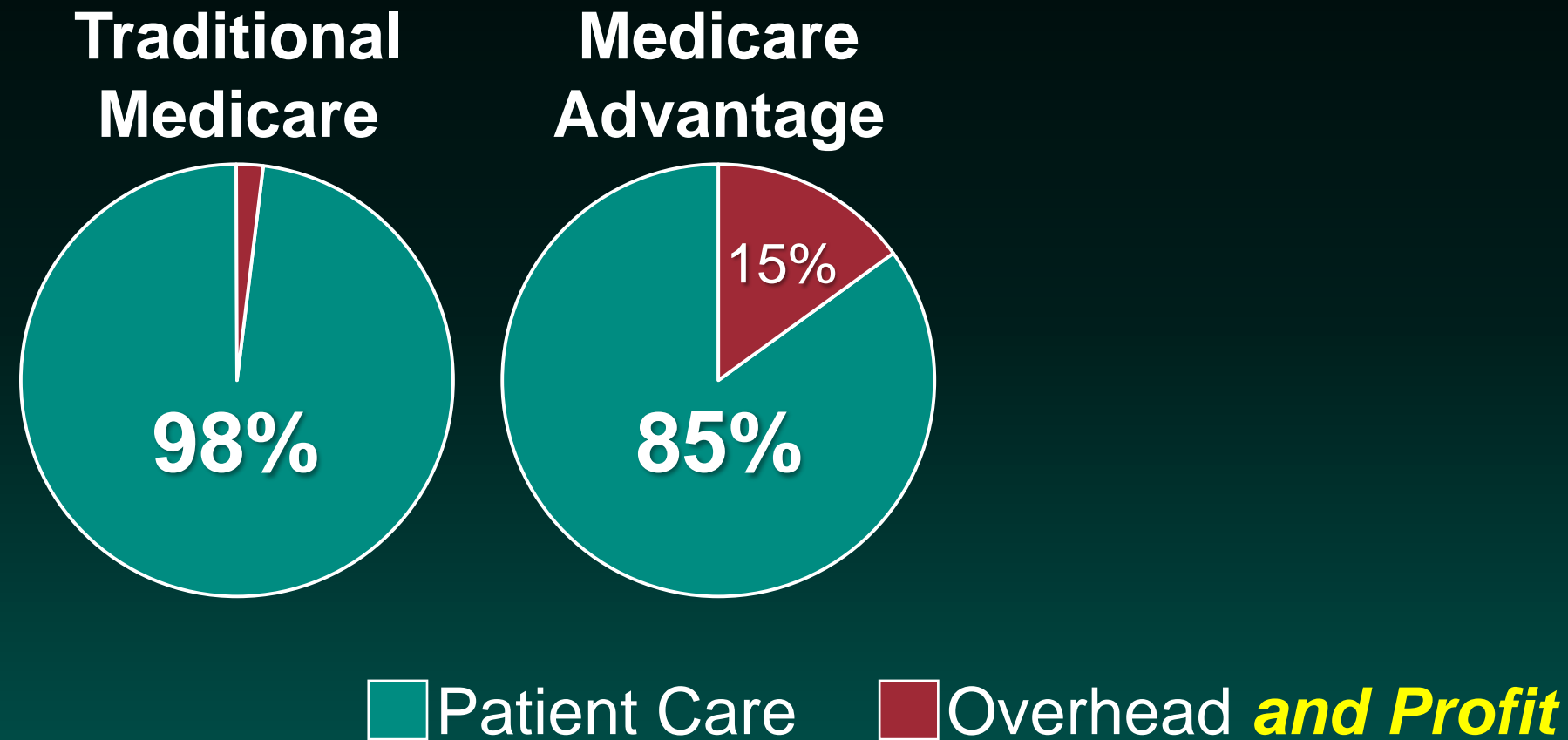
Percentage of MA  
beneficiaries who  
switched to TM



“Among other reasons, beneficiaries in the last of year life may disenroll because of **potential limitations accessing specialized care** under Medicare Advantage.”



# Medicare Advantage Opened the Public Door to Profiteers



Commercial insurance overhead defined as the inverse of the Medical Loss Ratio (1-medical benefits/premiums) as calculated by Himmelstein and Woolhandler at <https://www.citizen.org/article/powerpoint-presentations-on-health-policy-issues-relevant-to-health-care-reform-and-a-national-single-payer-health-system/>  
Medicare overhead drawn from Medicare Trust Fund reports over multiple years  
MedPAC reports repeatedly identify the absence or limitations of data from MA



# If it's so bad, why do so many people sign up for Medicare Advantage?

## Traditional Medicare Is Imperfect

- 20% outpatient “coinsurance”
- \$1,600 hospital deductible (2023)
- No out-of-pocket limits
- Premiums required for Part B, Part D, and a Medigap plan

## Three options for Medicare members

1. Keep Traditional Medicare and do nothing else
2. Leave Traditional Medicare and sign up for “Advantage”
3. Keep Traditional Medicare and purchase Medigap. *Maybe.*



Federal protections for  
people pre-existing conditions  
end after **6 months** in Medicare Part B  
or **12 months** in Medicare Advantage.

**After 12 months, you may be  
trapped in Medicare Advantage.**

Few people realize they're making that decision.



# Medigap Policies Are Regulated by States

## Four states require “**Guaranteed Issue**”

- Anyone must be offered Medigap, regardless of health status
- Continuously: NY, CT, MA; Annually: ME

## Eight states require “**Community Rating**”

- Insurers must charge all policyholders within a given plan type the same premium, without regard to age or health status
- AR, CT, ME, MA, MN, NY, VT, WA

You can  
make  
**Wisconsin**  
the next  
state



# If it's so bad, why do so many people sign up for Medicare Advantage?

	Medigap (Plan G example)	Medicare Advantage
<b>Benefits</b>	No additional benefits beyond TM	Often includes additional benefits (Rx, hearing, vision, dental, gym clubs, etc)
<b>Out-of-Pocket</b>	Zero out-of-pocket after the Part B deductible (\$226 per year)	\$12,450 combined in-network and out-of-network (\$8,300 in-network)
<b>Utilization Management</b>	Rare and only as required in TM (e.g., some hospital outpatient items)	Typically has proprietary “Prior Authorizations”, “Step Therapy”, etc.
<b>Networks</b>	<i>Identical</i> to Traditional Medicare	Smaller variable lists of “in-network” physicians and hospitals
<b>Monthly Premiums</b>	\$200 for Plan G, plus \$165 for Part B, and \$32 for Part D ( <b>\$4,764 per year</b> )	\$18 for MA, including a drug benefit, and might include Part B premium

<https://www.cms.gov/files/document/opd-services-require-prior-authorization.pdf>

2023 benefit designs

<https://www.hhs.gov/about/news/2022/09/29/biden-harris-administration-announces-lower-premiums-for-medicare-advantage-and-prescription-drug-plans-in-2023.html>

<https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2022-premiums-out-of-pocket-limits-cost-sharing-supplemental-benefits-prior-authorization-and-star-ratings/>

Accessed Oct 27 2022



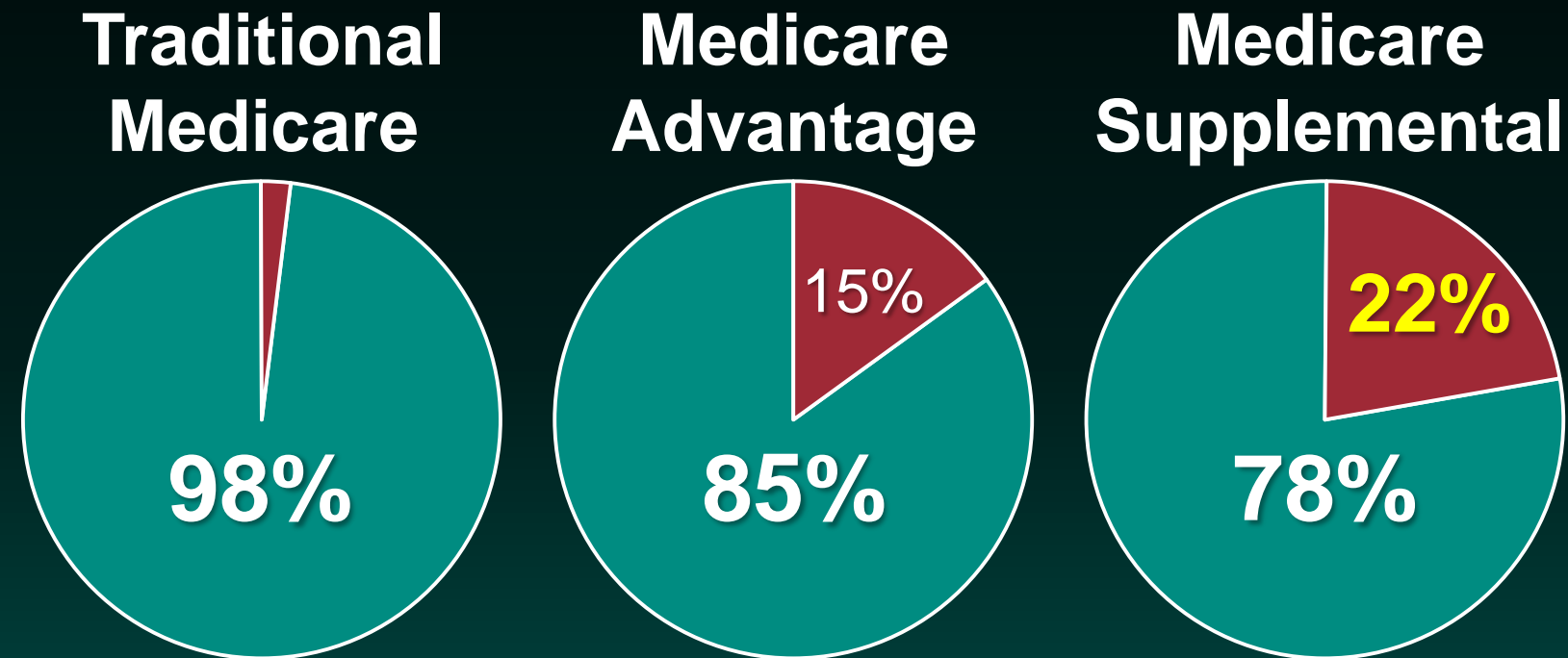


# If it's so bad, why do so many people sign up for Medicare Advantage?

	Medigap (Plan G example)	Medicare Advantage (Plan C)
Benefits	<div>Traditional Medicare with B, D, G: <b>\$4,674 a year</b></div> <div>Medicare Advantage: <b>Often free but problems</b></div> <div>"I'll start with Advantage for free and only go back to TM if the MA plan won't let me see the doctors and hospitals I want."</div> <div>Few people know they may be <b>trapped in MA</b> after their first 12 months.</div>	
Out-of-Pocket		
Utilization Management		
Networks		
Monthly Premiums		



# Medicare's "Gaps" Create A Niche for Profiteering



■ Patient Care ■ Overhead and Profit

My monthly *Medigap* premium for 2 people:  
**\$400**

Annual total premium:  
**\$4,800**

I pay *Medigap* for overhead and profit:  
**\$1,056**

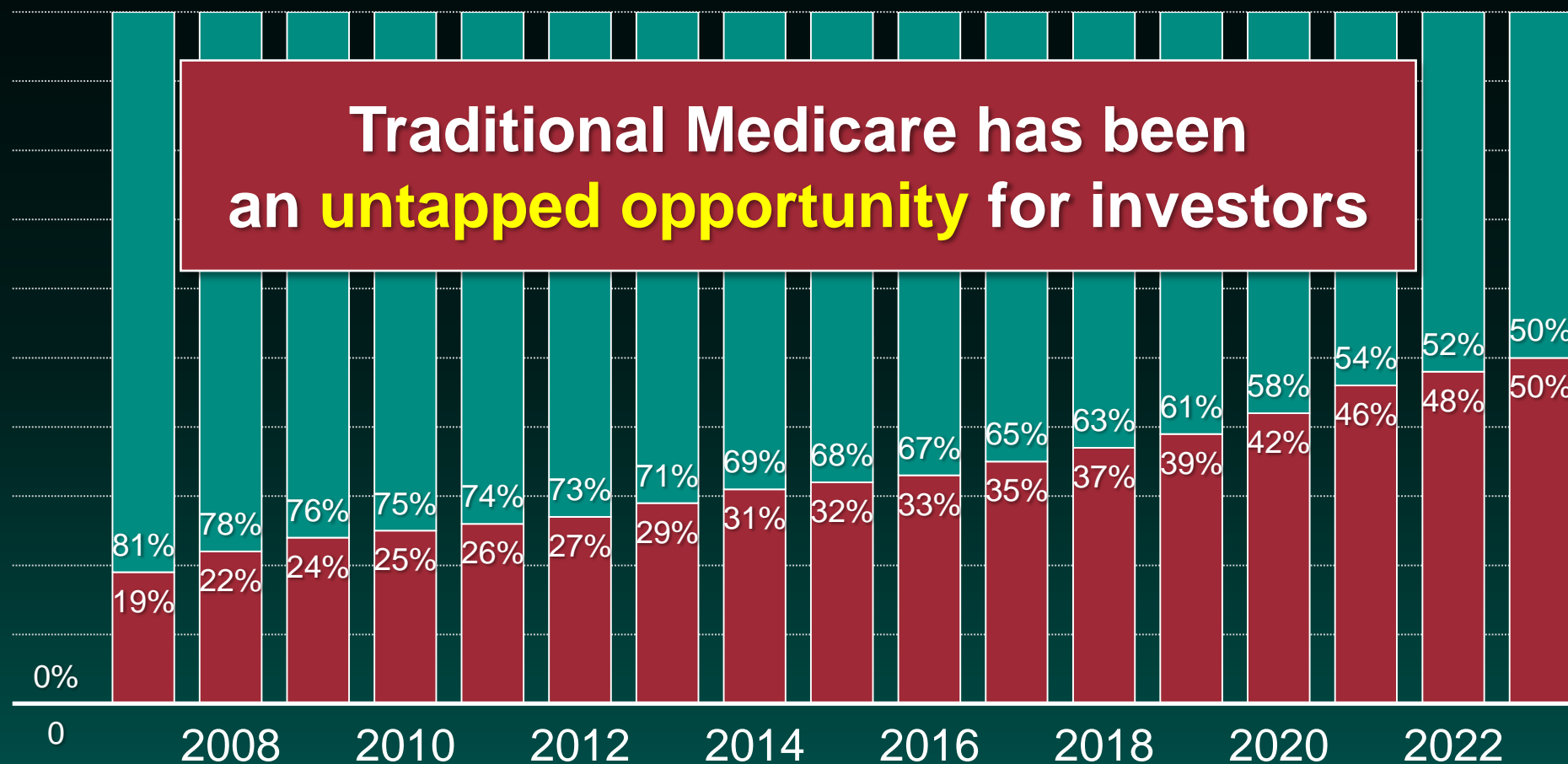


Medicare Advantage continues to grow;


# Traditional Medicare Is Still Half of Medicare

Medicare  
Enrollment

Traditional  
Advantage



# Traditional Medicare is large The Investment Community Wants *In*

 **MEDICARE HEALTH INSURANCE**

Name/Nombre  
**JOHN L SMITH**

Medicare Number/Número de Medicare  
**1EG4-TE5-MK72**

Entitled to/Con derecho a	Coverage starts/Cobertura empieza
<b>HOSPITAL (PART A)</b>	<b>03-01-2016</b>
<b>MEDICAL (PART B)</b>	<b>03-01-2016</b>

**ACO REACH (formerly DCE)**  
(New risk-bearing *profiteers*)

**Medicare *Advantage***  
(Risk-bearing *profiteers*)

**Providers**  
(Physicians,  
hospitals,  
ACOs, etc.)



# “Accountable Care Organizations Realizing Equity, Access, and Community Health” ACO REACH

## New profiteers in Traditional Medicare

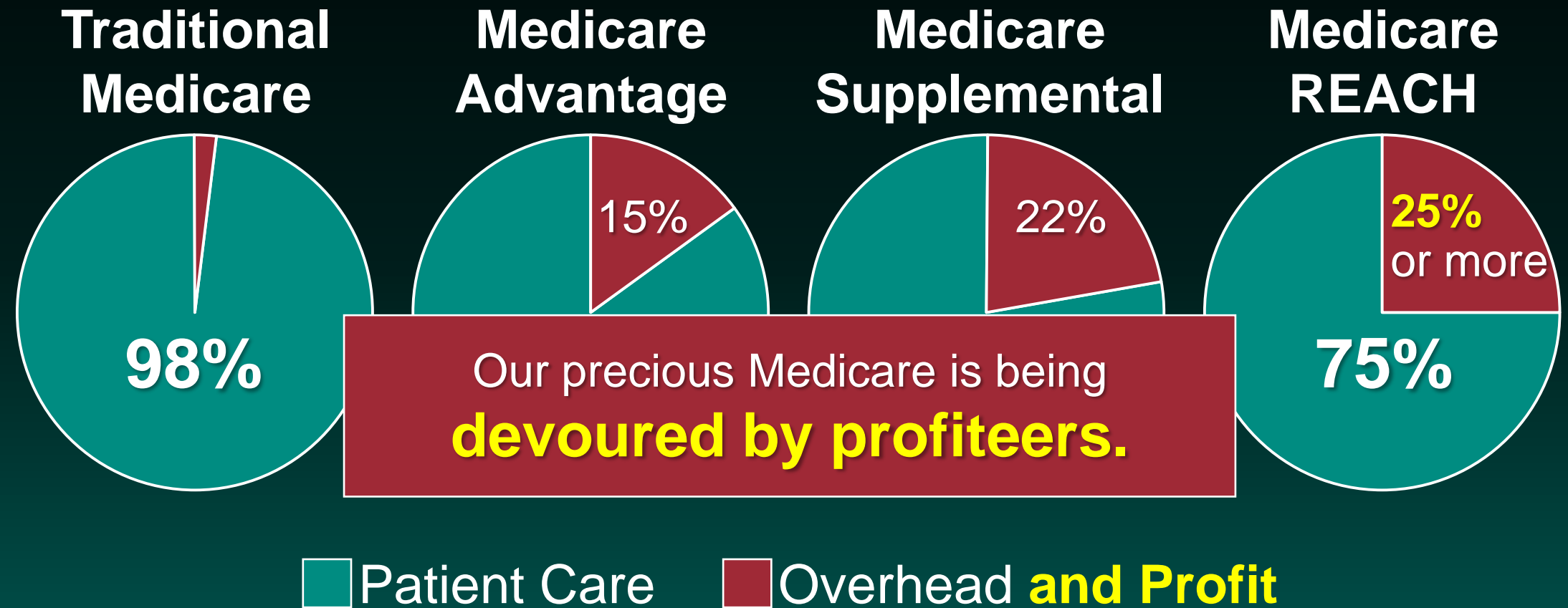
- Medicare is **assigning** people to their primary care physician’s REACH ACO
- Medicare prepays that REACH ACO for a range of services
- The **less services** patients get, the **more profitable** the REACH ACO becomes
- The only way for patients to get out is to **find a new primary care physician**

## *Without Congressional oversight, transforming Medicare*

- **2.1 million** members were **automatically assigned** to a REACH ACO in 2023
- **30 million** in Traditional Medicare were to be assigned to something like REACH by 2030
- **Public outcry** forced Medicare to stop growing REACH beyond today’s 2.1 million people



# The privatization of Medicare Diverts Public Funds to Investors



2021 data reported by the National Association of Insurance Commissioners at <https://content.naic.org/sites/default/files/2021-Annual-Health-Insurance-Industry-Analysis-Report.pdf> Accessed Mar 6 2023



# Advocacy Opportunities



## State Medigap protections

- Guaranteed Issue
- Community Rating

## Close the gaps in Traditional Medicare

- Out-of-pocket maximum (ideally zero!)
- Add the missing benefits (hearing, vision, dentistry, pharmacy, etc)

## Stop over-paying Medicare Advantage

- CMS tried on their own in 2023
- Let's give them support to try again





Direct Contracting and REACH aren't the only threats to Traditional Medicare. Medicare Advantage has become a cash cow for Wall Street by making patients and doctors jump through hoops to access health care.

Medicare Disadvantage

More information and action steps at  
**ProtectMedicare.net**



Medicare Protectors



Health Justice Allies



Take Action

