

Kaiser Health News Web Briefing for Journalists:

**Covering Medicare Advantage and Part D
Through Open Enrollment and Beyond**

Tuesday, October 28, 2014

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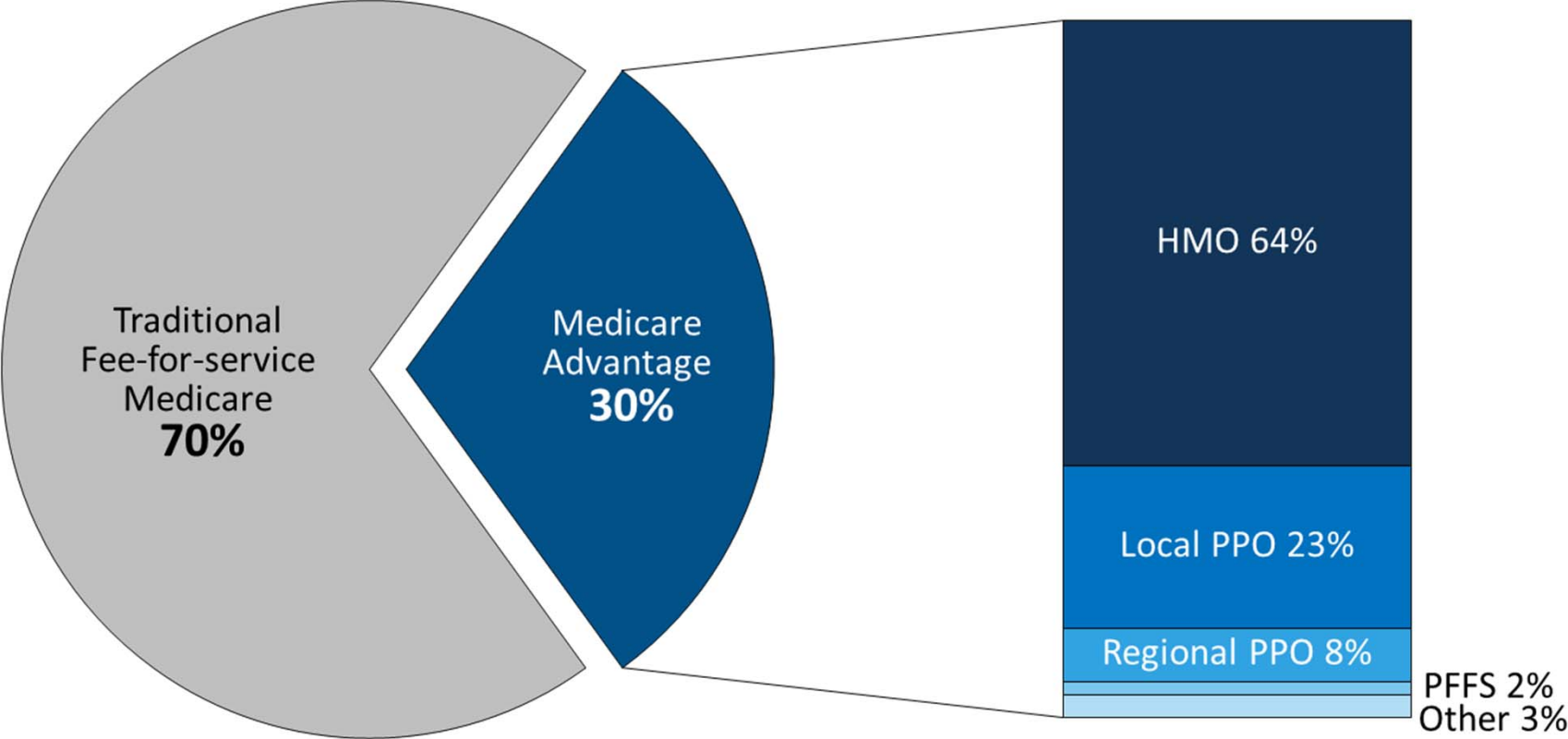
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Medicare Advantage: What is it?

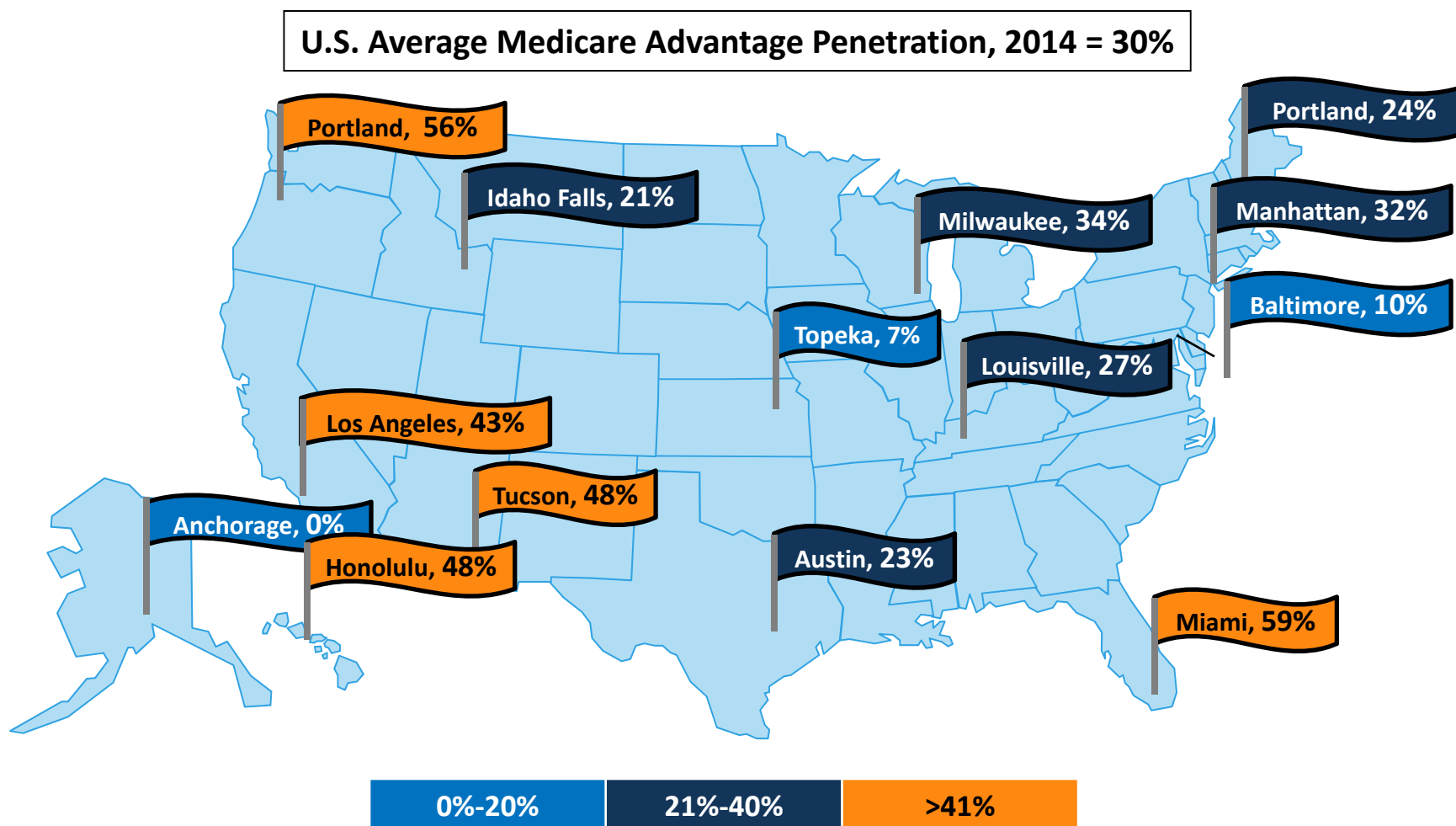
- Today, the 54 million people on Medicare can choose between traditional Medicare or a Medicare Advantage plan
 - e.g., Medicare Health Maintenance Organizations, Preferred Provider Organizations, Private Fee-For-Service Plans, and Medical Savings Account Plans.
- Medicare Advantage plans, offered by private companies, contract with the federal government to provide Medicare-covered benefits covered under Parts A and B, and may provide benefits covered under Part D
 - Part A (inpatient, skilled nursing facility, home health, hospice)
 - Part B (physician and other outpatient services, etc.)
 - Part D (outpatient prescription drugs)
- Medicare Advantage plans limit enrollees' out-of-pocket expenses to no more than \$6,700 for A/B services (unlike traditional Medicare)
- The 2015 open enrollment runs from October 15 through Dec 7th

Most Medicare Advantage enrollees are in HMOs and nearly one-third are in PPOs



Total Medicare Advantage Enrollment, 2014 = 15.7 Million

The share of Medicare beneficiaries in Medicare Advantage plans varies greatly across the country



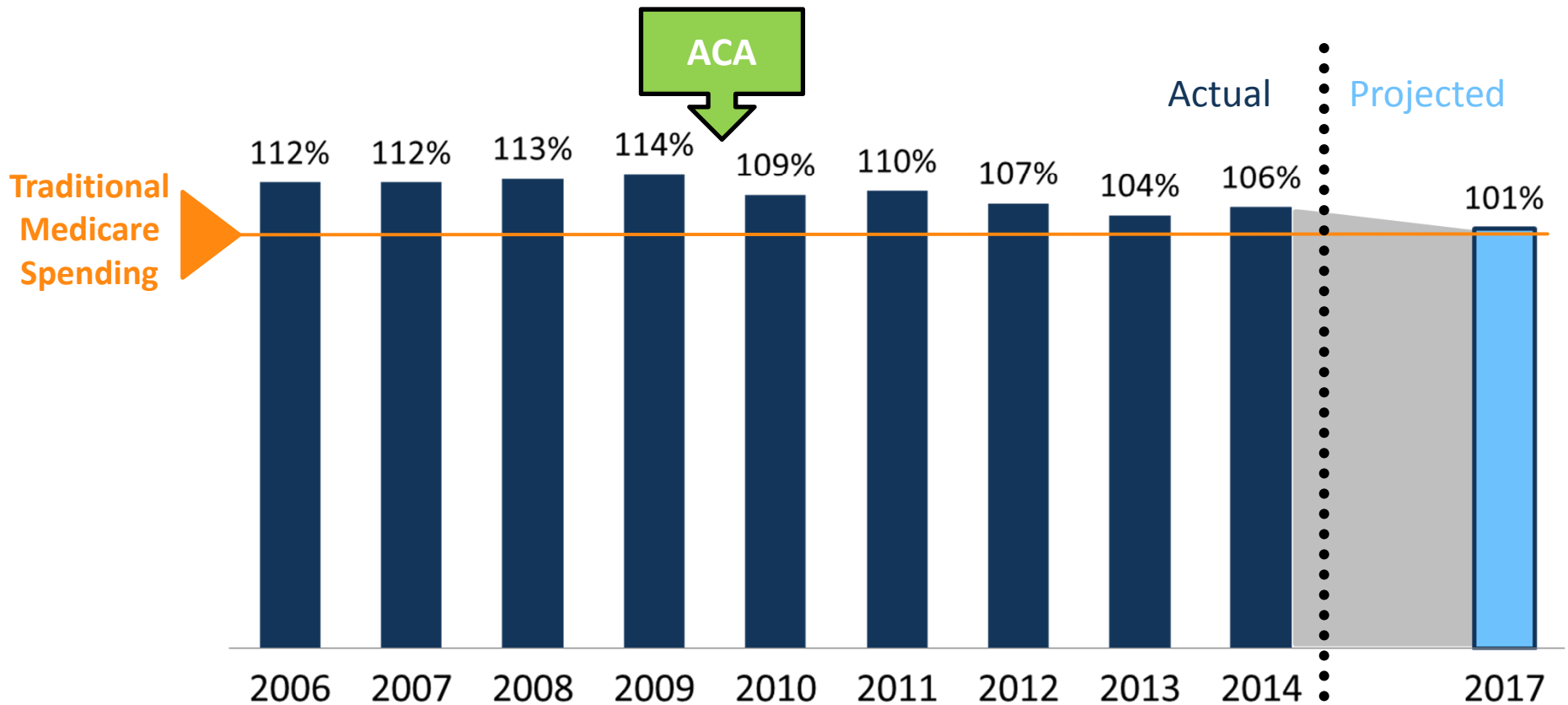
NOTE: Includes cost plans, MSAs, demonstrations, and Special Needs Plans, as well as other Medicare Advantage Plans.
SOURCE: KFF analysis of the CMS Medicare Advantage enrollment files, March 2014.

Medicare Advantage and the ACA

- Prior to the ACA, MedPAC reported that Medicare was paying 14 percent more for beneficiaries enrolled in Medicare Advantage plans than it would have cost to treat similar beneficiaries in traditional Medicare in 2009.
- In response, the ACA:
 - Phased down Medicare Advantage payments, bringing them closer to the average costs of care under the traditional Medicare program, over a six year period.
 - At the time, CBO projected changes in Medicare Advantage payments would account for 25% of total savings over a 10 year period.
- In addition, the ACA
 - Provided new bonus payments to plans based on quality ratings, beginning in 2012
 - Required plans beginning in 2014 to maintain a medical loss ratio of at least 85%, restricting the share of premiums that Medicare Advantage plans can use for administrative expenses and profits.

Medicare has been paying more for beneficiaries in Medicare Advantage plans than for those in traditional Medicare

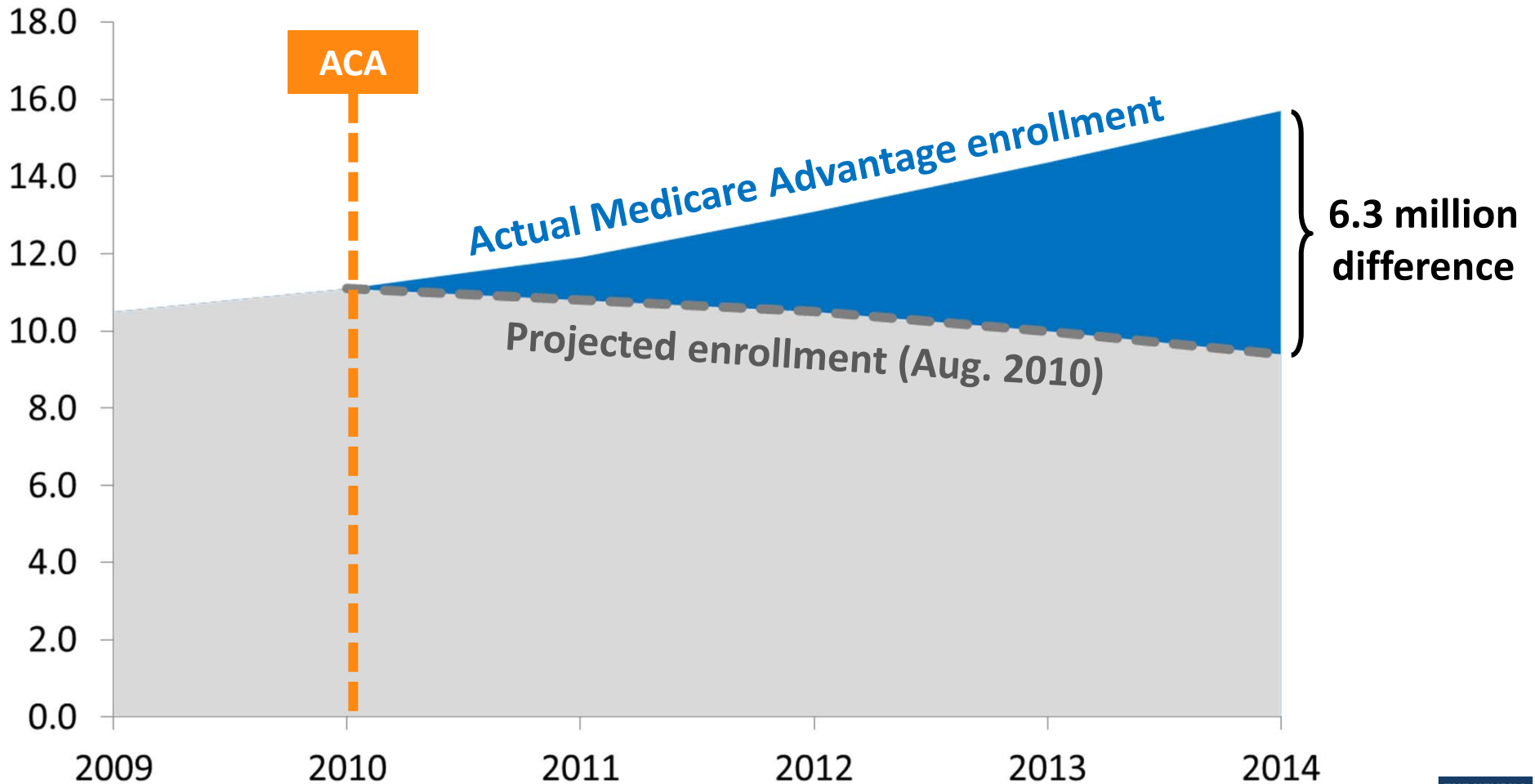
Average Medicare Advantage Payments as a Percentage of Traditional Medicare Spending



SOURCE: Medicare Payment Advisory Commission (MedPAC) Report to Congress, 2006-2014.

Medicare Advantage enrollment in 2014 exceeds projections by 6 million beneficiaries

Medicare Advantage enrollment (in millions)

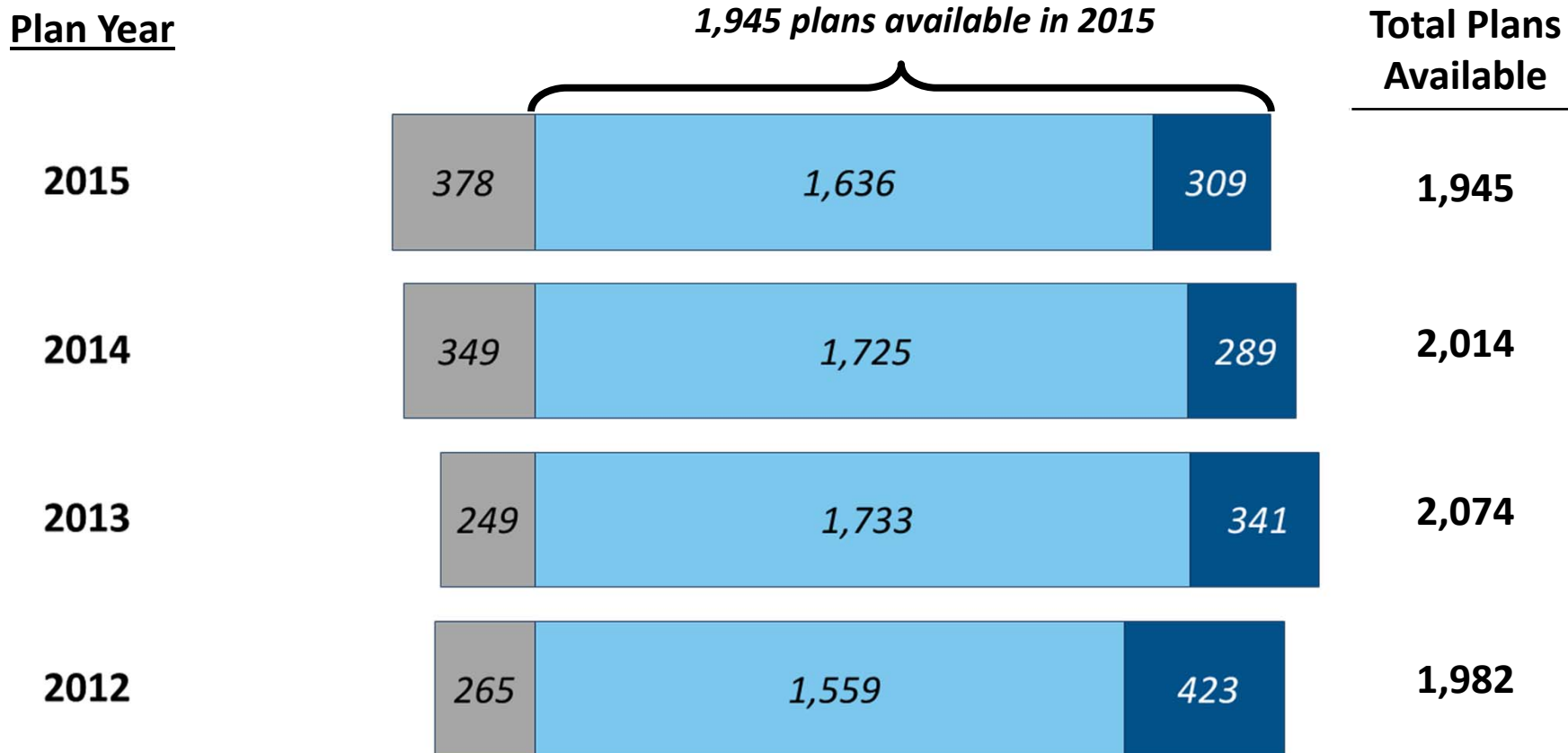


NOTE: CBO is Congressional Budget Office.

SOURCE: Kaiser Family Foundation analysis of CMS Medicare Advantage enrollment files, 2009-2014. CBO, "Medicare Baseline," April 2014.

Total Number of Medicare Advantage Plans Nationwide, Including Plan Exits and Entrants, For Plan Years 2012-2015

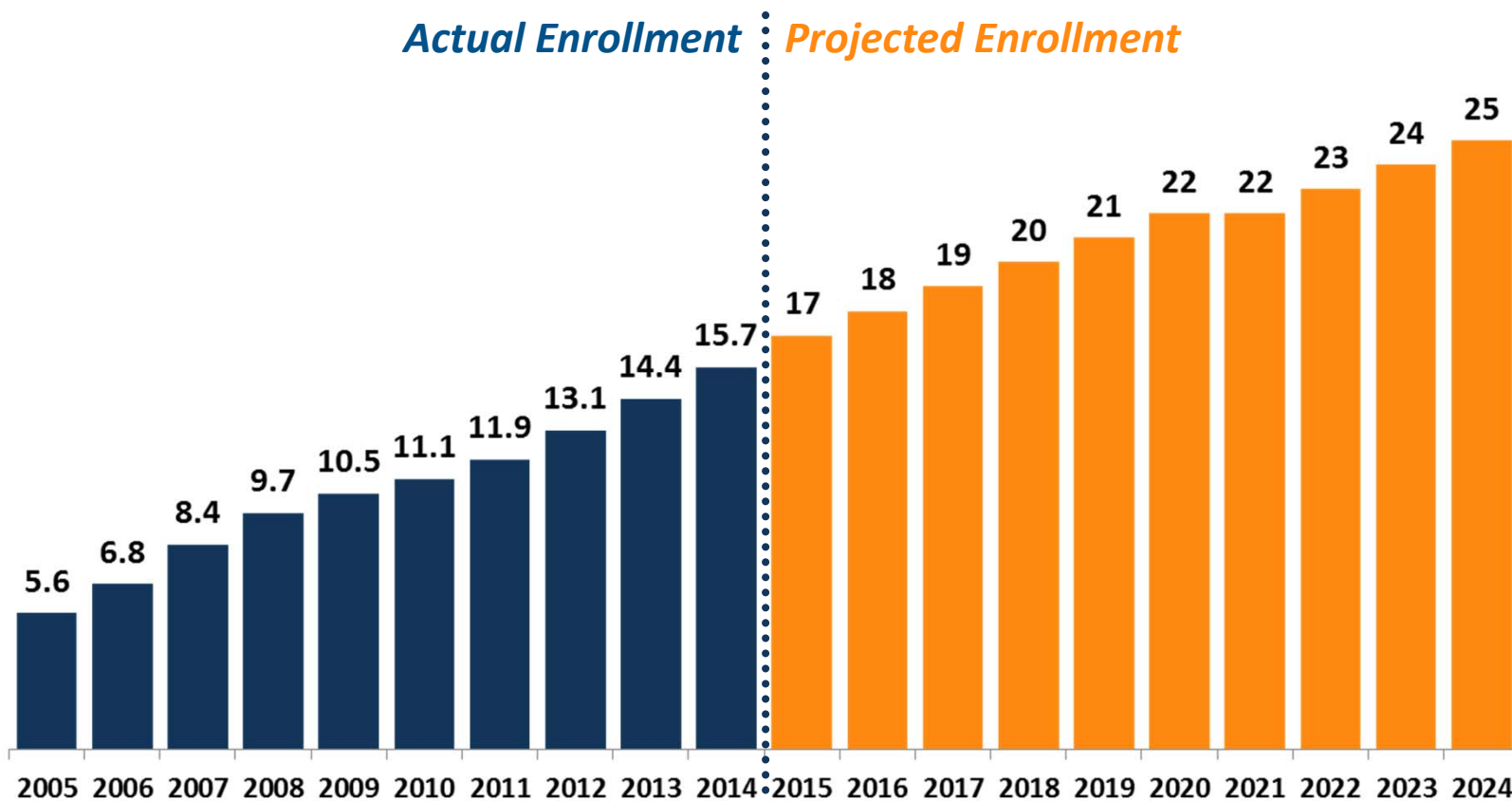
■ Discontinued plans ■ Continuing Plans ■ New plans



NOTE: Excludes SNPs, employer-sponsored (i.e., group) plans, demonstrations, HCPPs, PACE plans, and plans for special populations.
SOURCE: Kaiser Family Foundation analysis of CMS's Landscape Files for 2011 – 2015.

Medicare Advantage enrollment has increased rapidly and is projected to continue to rise

Medicare Advantage Enrollment (in millions), 2005-2024



NOTE: Includes cost plans, MSAs, demonstrations, and Special Needs Plans, as well as other Medicare Advantage Plans.

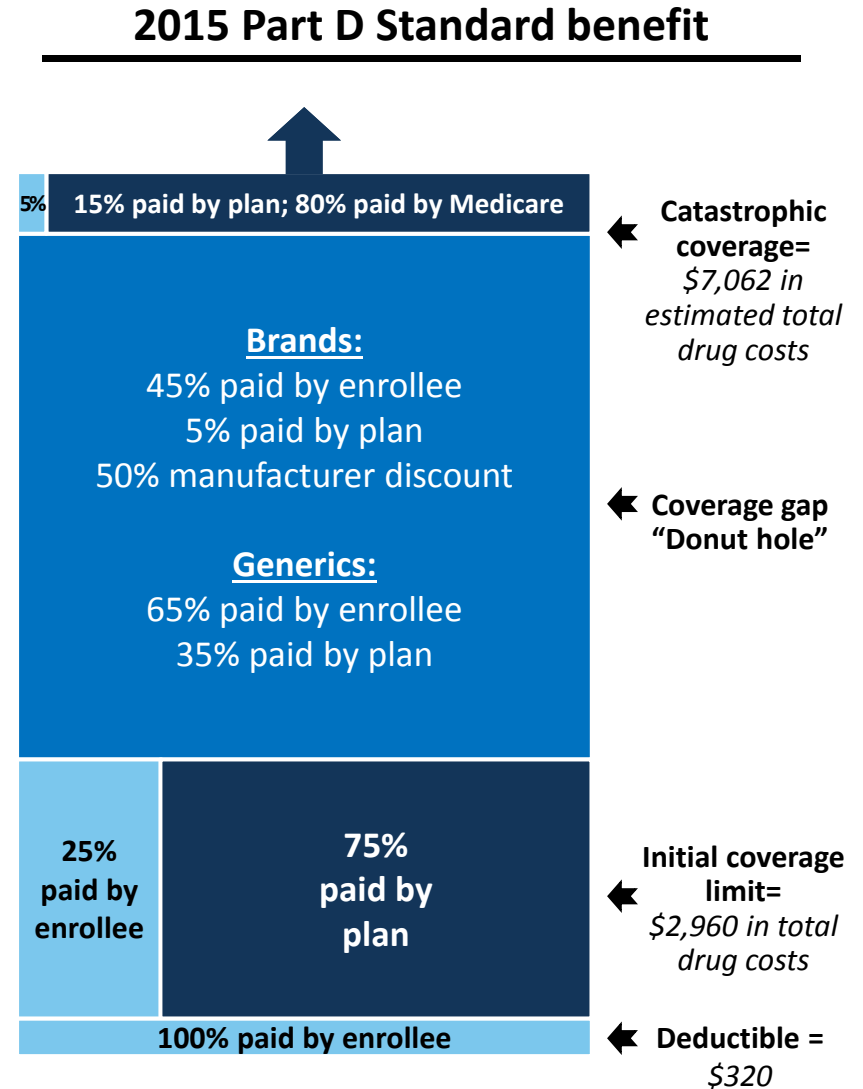
SOURCE: KFF analysis of the Centers for Medicare and Medicaid Services (CMS) Medicare Advantage enrollment files, 2005-2014, and Congressional Budget Office, "Medicare Baseline," April 2014.

Medicare Part D: Quick Overview

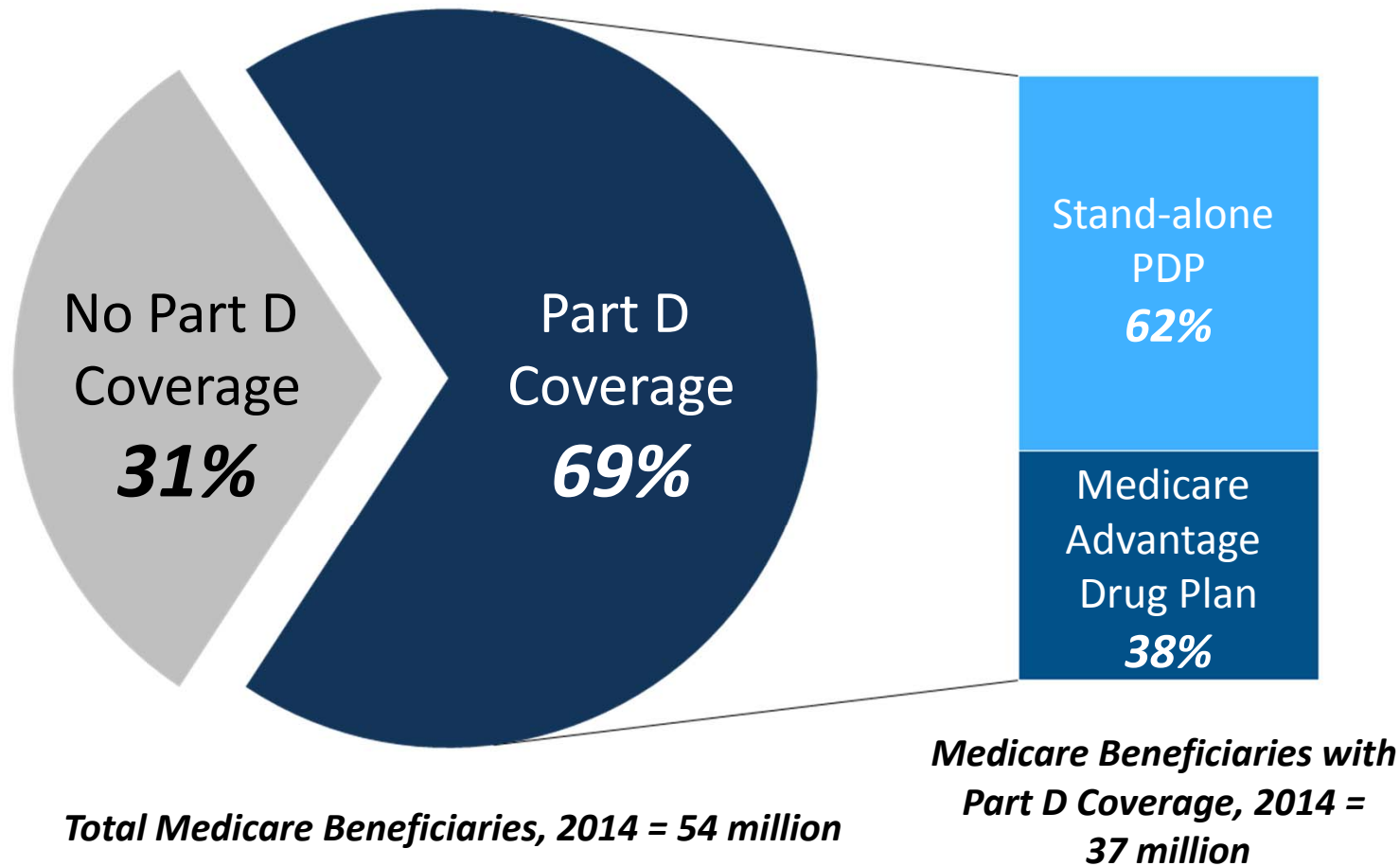
- **The Medicare Modernization Act of 2003 (MMA)** established a new outpatient prescription drug benefit under Medicare
- **Beginning in 2006, Medicare covered outpatient prescription drugs under a new Medicare Part D**
- **Unlike other Medicare benefits, the Part D prescription benefit is offered exclusively through private plans**
 - *Stand-Alone Prescription Drug Plans (PDPs)*
 - *Medicare Advantage Prescription Drug Plans (MA-PDs)*
- **Part D is financed by premiums, general revenues, and a state “clawback”**
 - The ACA included a new income-related Part D premium for higher income individuals (*beginning at \$85,000/individual and \$170,000/couple*) fixed until 2019

What is the standard Medicare Part D benefit?

- Plans can offer a “standard” benefit
- Most offer an equivalent, alternative design (with tiered cost-sharing)
- The standard benefit in 2015 includes a partially-filled coverage gap or “donut hole”
 - Will be fully phased out by 2020, due to a provision in the ACA
- Part D includes premium and cost-sharing subsidies for low income Part D enrollees
- Plans are required to cover at least two drugs in every drug category and class, and most or all drugs in six protected classes



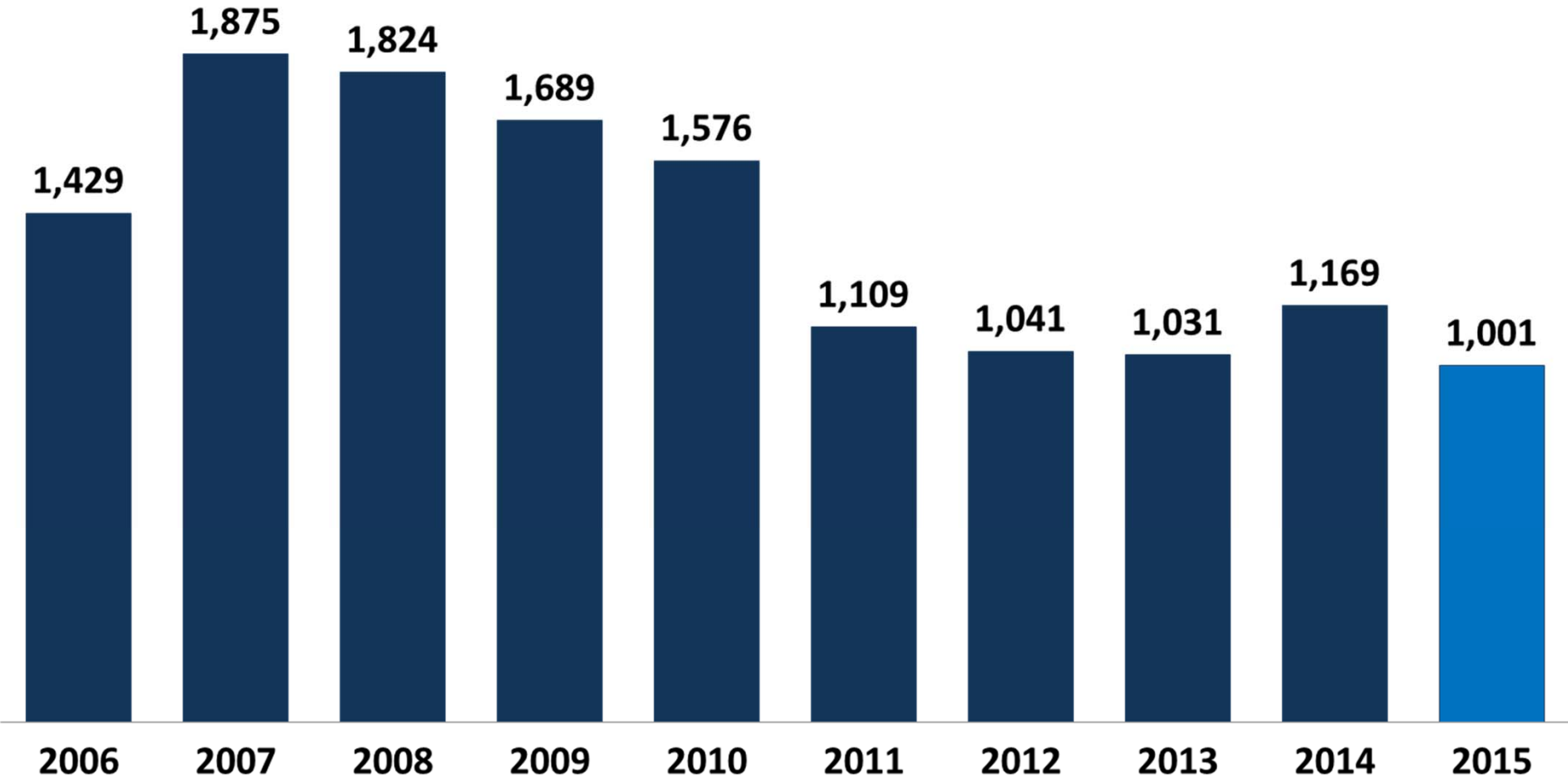
What share of Medicare beneficiaries now have Part D drug coverage?



NOTES: PDP is prescription drug plan

SOURCE: Kaiser Family Foundation, *Medicare Part D in Its Ninth Year: The 2014 Marketplace and Key Trends*, 2006-2014, August 2014.

Number of Medicare Part D Stand-Alone Prescription Drug Plans, 2006-2015

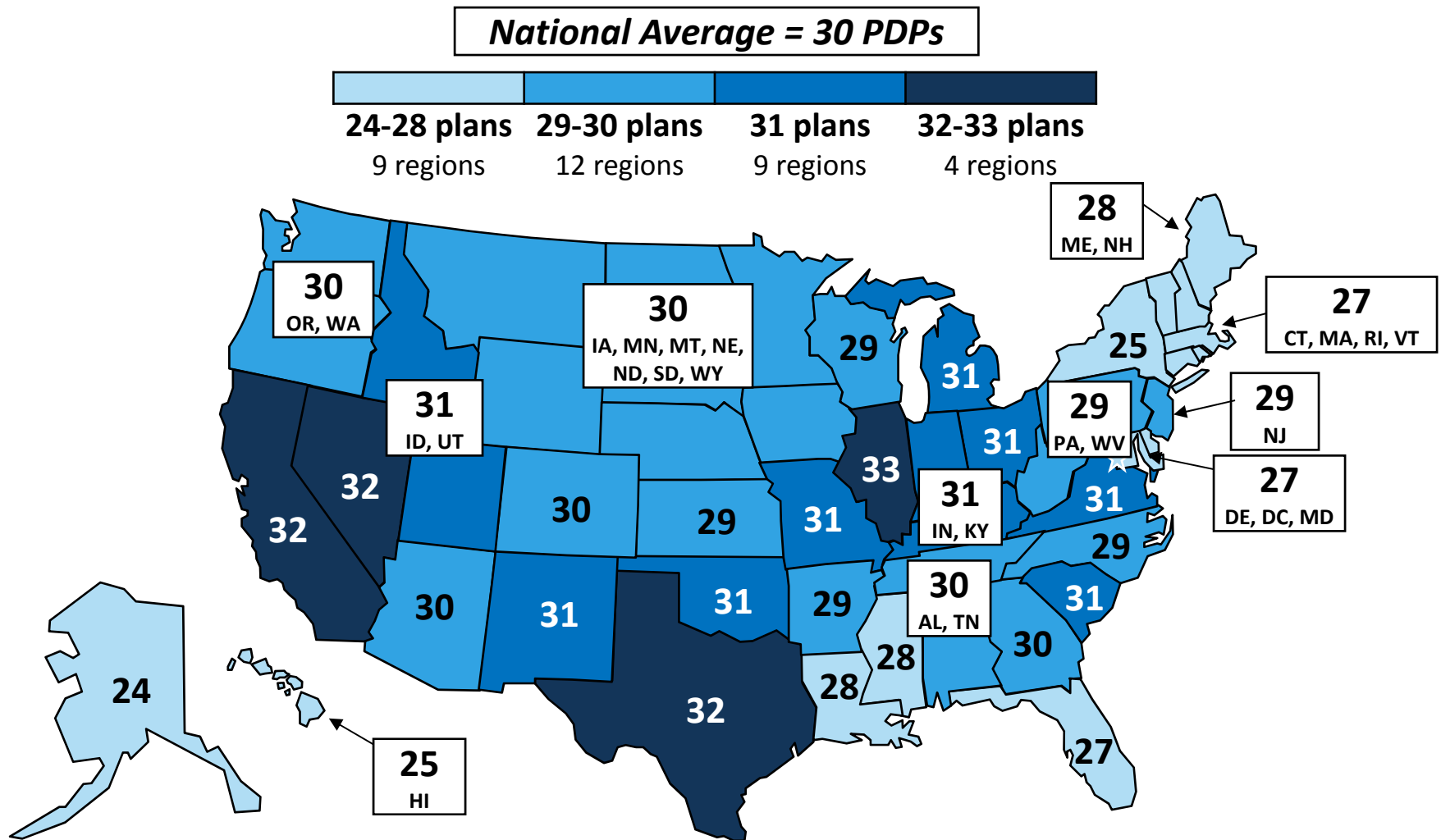


NOTE: Excludes plans in the territories. Total for 2015 includes 36 plans under CMS sanction and closed to new enrollees as of September 2014.

SOURCE: Georgetown/NORC/Kaiser Family Foundation analysis of CMS 2006-2015 PDP landscape source files.



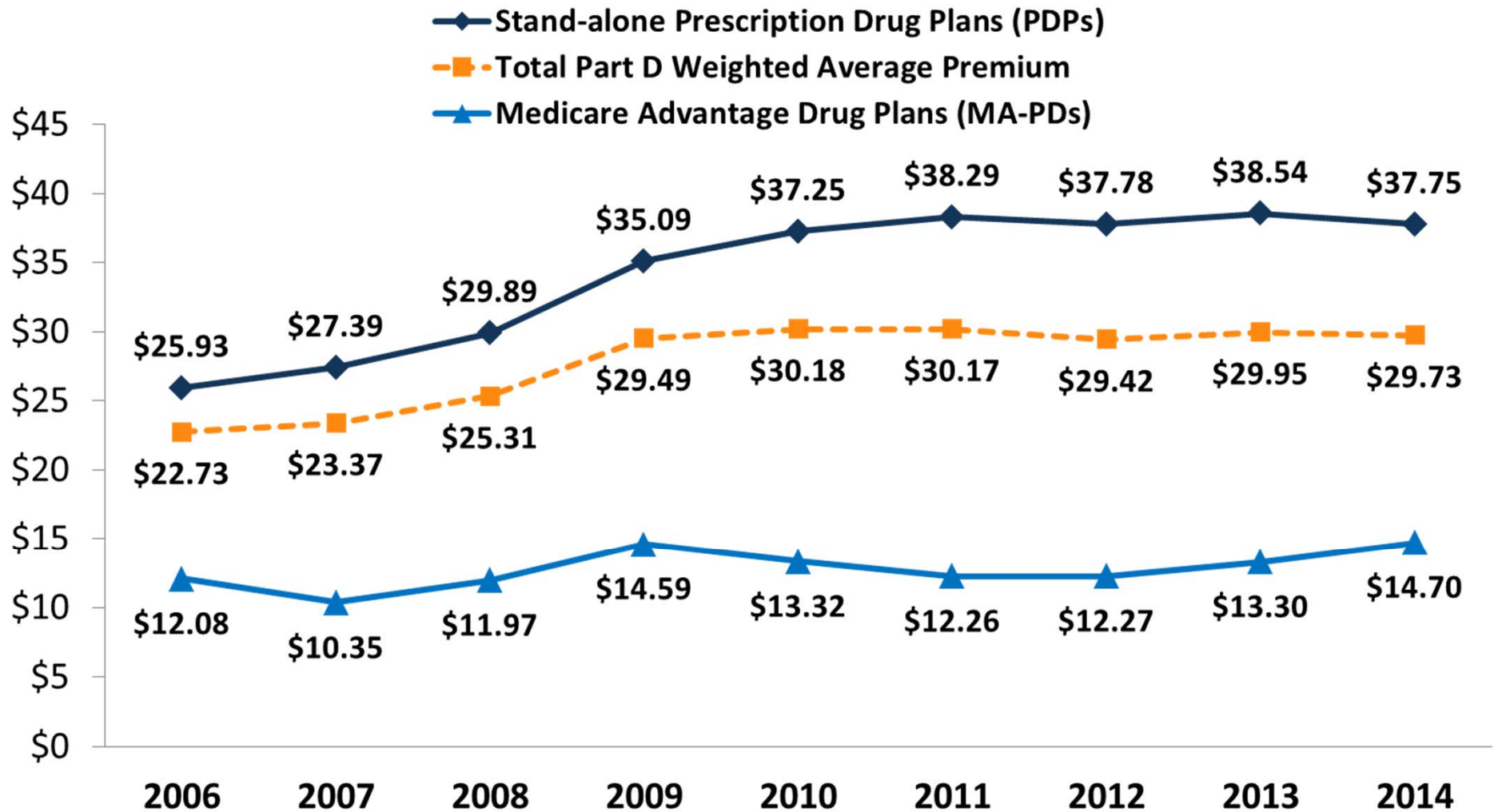
Number of Medicare Part D Stand-Alone Prescription Drug Plans, by Region, 2015



NOTE: PDP is prescription drug plan. Excludes plans in the territories. Includes 36 plans under CMS sanction and closed to new enrollees as of September 2014.

SOURCE: Georgetown/NORC/Kaiser Family Foundation analysis of CMS 2015 PDP landscape source file.

Medicare Part D Weighted Average Monthly Premiums, by Plan Type, 2006-2014



NOTE: Average premiums are weighted by enrollment in each year (February for 2014). Excludes Part D plans in the territories.
 SOURCE: Georgetown/NORC analysis of data from CMS for the Kaiser Family Foundation.

Median Cost Sharing for Medicare Part D Plans, 2006-2014, and Employer-Sponsored Plans, 2014

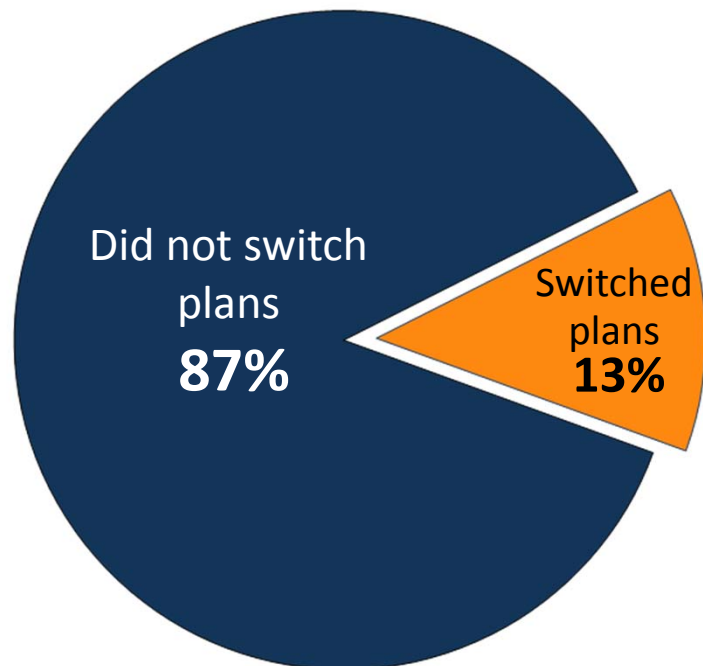
Formulary Tier	Part D Plan Type	Part D Cost Sharing									Employer Plans
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2014
Preferred generic*	PDP	\$5	\$5	\$5	\$7	\$7	\$7	\$3	\$2	\$2	\$10
	MA-PD	\$5	\$5	\$5	\$5	\$6	\$6	\$3	\$3	\$4	
Non-preferred generic*	PDP	n/a	n/a	n/a	n/a	n/a	n/a	\$8	\$5	\$5	n/a
	MA-PD	n/a	n/a	n/a	n/a	n/a	n/a	\$10	\$10	\$10	
Preferred brand	PDP	\$28	\$28	\$30	\$37	\$42	\$42	\$41	\$40	\$40	\$30
	MA-PD	\$26.70	\$29	\$30	\$30	\$39	\$40	\$42	\$45	\$45	
Non-preferred brand	PDP	\$55	\$60	\$71.50	\$74.75	\$76.50	\$78	\$92	\$85	\$85	\$50
	MA-PD	\$55	\$60	\$60	\$60	\$79	\$80	\$84	\$90	\$95	
Specialty	PDP	25%	30%	30%	33%	30%	30%	29%	26%	25%	25%
	MA-PD	25%	25%	25%	33%	33%	33%	33%	33%	33%	

NOTE: PDP is prescription drug plan. MA-PD is Medicare Advantage Drug Plan. Part D estimates weighted by enrollment in each year. *Prior to 2012, most Part D plans only had one generic tier, therefore the preferred/non-preferred designation is not applicable for amounts for 2006-2011, and the single generic tier amount is shown under preferred generic.

SOURCE: Kaiser Family Foundation, *Medicare Part D in Its Ninth Year: The 2014 Marketplace and Key Trends, 2006-2014*, August 2014.

While consumers are advised to review plans, and make a change to get better coverage, few do

Percent of Part D enrollees who switched plans, 2006-2010

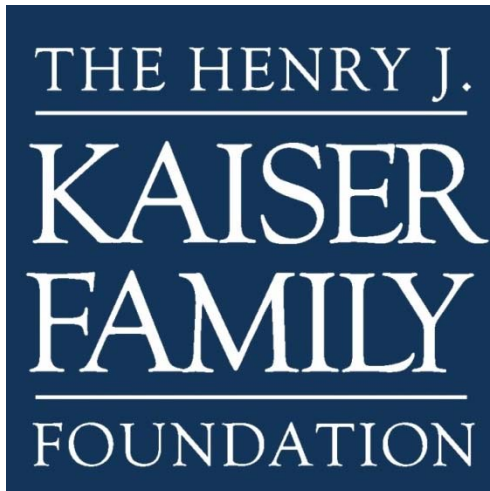


Quotes from Focus Groups with Seniors

- *I've reached the age of 78 and I'm saying to myself, "I'm too goddamn tired to investigate this."*
- *What I care about is if I have a major issue and go in the hospital and my out of pocket [is] \$2,500 dollars or \$5,000 dollars.*
- *I want my money's worth if they are going to take my Social Security.*
- *At our age, as we get older we learned that **the grass is not really greener on the other side.** We're very cautious about changing to something else that is unfamiliar when we have that [which is] known in front of us.*

SOURCE: Kaiser Family Foundation, "To Switch or Not to Switch: Are Medicare Beneficiaries Switching Drug Plans To Save Money?" October 2013. Kaiser Family Foundation, "How Are Seniors Choosing and Changing Health Insurance Plans? Findings from Focus Groups with Medicare Beneficiaries," May 2014.

Medicare Resources on kff.org/medicare



- ✓ Medicare at a Glance
- ✓ Visualizing Health Policy: The Role of Medicare Advantage
- ✓ Medicare Advantage: Take Another Look
- ✓ Medicare Advantage Fact Sheet
- ✓ The Medicare Prescription Drug Benefit Fact Sheet
- ✓ What's In and What's Out? Medicare Advantage Market Entries and Exits for 2015
- ✓ Medicare Part D in Its Ninth Year: The 2014 Marketplace and Key Trends, 2006-2014
- ✓ Medicare Part D: A First Look at Plan Offerings in 2015
- ✓ How are Seniors Choosing and Changing Health Insurance Plans?
- ✓ Open Enrollment: Insights from Medicare for Health Insurance Marketplaces

Kimberly Lankford

Contributing Editor

Kiplinger's Personal Finance

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

Why should I consider switching Part D or Medicare Advantage plans for 2015 if I'm happy with my current coverage?

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

How do I choose a Part D plan for 2015?

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

How do I choose a Medicare Advantage plan for 2015?

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

What are some good resources to help me choose a plan?

Medicare Plan Resources

- **Medicare:** [medicare.gov](https://www.medicare.gov)
- **Medicare Plan Finder:** [medicare.gov/find-a-plan](https://www.medicare.gov/find-a-plan)
- **State Health Insurance Assistance Program:** [Online: shiptalk.org](https://www.shiptalk.org)
By phone: 800-MEDICARE / 800-633-4227
- **Center for Medicare Advocacy:** [medicareadvocacy.org](https://www.medicareadvocacy.org)
- **Kaiser Family Foundation:** [kff.org/medicare](https://www.kff.org/medicare)
- **California Health Advocates:** [cahealthadvocates.org](https://www.cahealthadvocates.org)
- **National Association for Insurance Commissioners:** [naic.org](https://www.naic.org)

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

**What happens if I change my mind after open enrollment
is over?**

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

**Does the open enrollment period apply to Medicare
supplement plans?**

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

How do I pick a Medicare supplement plan?

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

How much will Medicare cost me in 2015?

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

Is there anything I can do to avoid the high-income surcharge?

**Kim Lankford, Kiplinger's Personal Finance Magazine
Consumer Questions**

**Can I still have a health savings
account if I sign up for Medicare?**

Q&A Discussion

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