

THE FACTS ABOUT Medicare Advantage



What is Medicare Advantage?

Medicare Advantage is an insurance option that replaces traditional Medicare benefits with insurance plans administered by private companies under contract with the federal government.

How is Medicare Advantage Different from Traditional Medicare?

TRADITIONAL MEDICARE

PART
A

- Inpatient hospital care
- Skilled nursing care
- Provider services
(if the provider accepts Medicare)

+

PART
B

To help cover the cost of copays, coinsurance, and other out-of-pocket expenses for vision, dental, and hearing, Medigap plans can be added. Adding a Part D plan rounds out coverage by paying for prescription drugs.

MEDICARE ADVANTAGE

PART
C

- Covers most medical care *(similar to the coverage provided by Parts A and B in traditional Medicare)*
- Often covers prescription drugs, vision, dental, and hearing

Monthly premiums may be lower, but copays and coinsurance are still a factor.

What's the Catch?

At a glance, Medicare Advantage plans appear to offer similar coverage to that provided by traditional Medicare in a simpler package and at a lower cost. However, simplicity and lower monthly premiums typically come with tradeoffs.

Choosing the Right Plan

TRADITIONAL MEDICARE VS. MEDICARE ADVANTAGE

TRADITIONAL
MEDICARE
IS BEST FOR
YOU IF:

- You have known health issues, prefer not needing a physician referral, and want access to a wide scope of physicians and hospital networks.
- You want more predictable health care costs.
- You require prescriptions.

MEDICARE
ADVANTAGE
IS BEST FOR
YOU IF:

- You are a healthy adult who prefers lower premiums.
- You are comfortable with managed care risks, limited networks, and the need for prior approvals and referrals for most services.



PROS AND CONS OF MEDICARE ADVANTAGE

PROS

- Medicare Advantage may provide additional services beyond traditional Medicare such as vision, hearing, and dental without a supplemental Medigap plan.
- Medicare Advantage has an annual maximum out-of-pocket payment, unlike traditional Medicare. In 2023, the maximum cost for a Medicare Advantage plan was \$8,300 and \$12,450 for combined in-network and out-of-network services.
- Many Medicare Advantage plans have the ability to combine drug coverage and medical coverage into one plan, rather than paying for a separate Part D plan to supplement Medicare Part A and Medicare Part B.

CONS

- Medicare Advantage members generally have very limited provider networks. In 2017, a study found that the average Medicare Advantage plan only included about half of the physicians in the United States.
- Unlike traditional Medicare, a majority of the time Medicare Advantage members must seek approval to see a specialist for treatments or other services. If the member is denied approval to see a specialist, the care is not covered.
- Unlike traditional Medicare, a majority of the time Medicare Advantage members must seek approval for most prescription drugs, inpatient stays, diagnostic services such as procedures, labs, tests, therapy, dialysis, hearing, and many other services. If the member is denied approval for these tests or treatments, the care is not covered.
- Medicare Advantage members may end up spending more than those on traditional Medicare with hidden costs and denied coverages.



Steps Before Signing Up for a Medicare Advantage Plan

A comprehensive checklist to ensure you've considered budgets, provider locations, and what-ifs.

1 Ask yourself the following questions.

- Do I qualify for any kind of payment assistance or have access to other coverage such as Medicare Savings Programs, Part D Low Income Subsidy or Medigap plans?
- Am I comfortable with my care choices being directed by my insurance payer over the advice of my physician?
- Do I travel outside my general home area?
- What medications do I take?
- How important are limits on my annual maximum out-of-pocket costs?
- What is the value of coverage of other possible services such as dental, hearing, and health club memberships?
- What is the value of having the convenience of staying with the traditional Medicare option, knowing the services they cover, versus annual checking to ensure networks and coverage requirements are not changing?
- How do I feel about a Medicare Advantage plan challenging my physician's determination of the care I need as reasonable and necessary?
- Will I be more likely to seek medical care if it is:
 - Easily accessible and almost all physicians and facilities are available?
 - Convenient and coverage is available for care in most geographic areas?
 - Low cost?

2 Assess your current coverage.

If you're already enrolled in Medicare, you received an annual notice of change letter, which details any changes in your plan's benefits.

3 Know your Medicare options.

Research the difference between Medicare Part A, Medicare Part B, Medicare Part C, and Medigap.

4 Understand the Medicare Advantage plan's network.

Medicare Advantage plans have a limited network. Write down any physician, hospital, or medical clinic you may need. Call each of them to ask what Medicare Advantage plans they accept.

5 Compare all out-of-pocket costs.

Examine your benefit statements and medical bills from the past year and add up what you paid in deductibles and copays plus monthly premium costs. This is when Medicare Advantage can look inexpensive, but you must dig a little deeper to fully understand your potential out-of-pocket costs with a Medicare Advantage plan. Consider any medical care you may need in the following year, such as a knee replacement, dialysis, or a pacemaker. For many people, opting for traditional Medicare plus a Medigap plan offers more financial security with no surprises.

6 Investigate managed care requirements.

Are you comfortable with your care choices being directed by the insurance payer? Medicare Advantage plans may require approval to see specialists or to receive health care such as tests, treatments, or labs. In some cases, the insurance payer will decide the care you need over the advice of your physician.

Medicare Advantage can look inexpensive; however, you must dig a little deeper to fully understand your potential out-of-pocket costs.

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Call the insurance payer directly and ask questions.

- If a physician I need to see is out-of-network, will the plan cover my visits? Will I pay more out-of-pocket for an out-of-network provider or facility?
- What is the service area for this insurance plan and how far may I need to travel to find an in-network specialist or facility for specialized services?
- Does my physician need to get approval from the plan to admit me to a hospital?
- Do I need a referral from my physician to see a specialist?
- Are there higher copays and deductibles for certain types of care, such as hospital stays, home health care, or rehabilitation care?
- Does the plan cover any services that traditional Medicare does not? Are there any rules, policies, or restrictions that I need to be aware of before accessing these benefits?
- Does the plan impose any coverage restrictions on prescription drugs? Can we go through my current prescriptions to determine if they are on the insurance plan's formulary?

- How much will I have to pay for brand-name drugs?
- Will I be able to use my local pharmacy?
- Will the insurance plan cover me when I travel out of state?
- Does the plan cover skilled nursing care after hospitalization and are there any rules, policies, or restrictions that I need to be aware of?

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Consider the consequences of switching.

When you initially enroll in Medicare at age 65, you have a guaranteed right to purchase a Medigap plan. Insurers are required to renew coverage each year as long as you continue to pay your premiums. If you try to buy a Medigap policy after that enrollment window, insurance plans can turn you down or charge you more, due to pre-existing conditions.

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Consult your health care provider and local hospital.

One way to learn about a Medicare Advantage plan's approval and authorization practices is to ask your health care provider and local hospital.

Additional resources:

- www.medicare.gov/health-drug-plans/health-plans/your-health-plan-options
- Washington Statewide Health Insurance Benefit Advisors: www.insurance.wa.gov/about-shiba-services