

Out-Of-Pocket Costs Protections in Medicare Advantage

Fact Sheet June 2018

Key Facts

Medicare Advantage provides the same benefits as FFS Medicare, with additional consumer protections:

- Annual out-of-pocket cost protections.
- Supplemental benefits such as vision, hearing, dental and fitness.
- Medigap is not necessary for Medicare Advantage beneficiaries.
- Most Medicare Advantage Plans include Medicare prescription drug coverage (Part D).
- More flexible benefit and payment structures to meet patients needs.

Policy Recommendation

To better enable beneficiaries can make the best choice based on health and financial circumstances for their Medicare coverage, the Centers for Medicare & Medicaid should continue to improve their information, materials and decision-making tools to explain all coverage offerings, including the out-of-pocket cost protections specific to Medicare Advantage.

FFS: Fee-for-Service; MA: Medicare Advantage; OOP: Out-of-Pocket Note: A beneficiary enrolled in Part A and/or B through the federal government is covered under FFS. OOP Costs are based on 2018 data from CMS. *Includes deductibles, copayments/coinsurance. **Before the coverage gap; in 2019, beneficiaries will pay 25% coinsurance until they reach the catastrophic/OOP threshold (estimated beneficiary drug spend only, excludes rebates). ***CMS recommends no more than \$3,400

Medicare Advantage is an option that allows Medicare-eligible seniors and individuals with disabilities to choose a private, integrated managed care health plan to receive their Medicare benefits, instead of Traditional Fee-For-Service (FFS). Medicare Advantage offers consumers out-of-pocket costs protections not available in FFS Medicare, which in general leads to lower cost-sharing requirements for beneficiaries.

Out-Of-Pocket Cost Protections In Medicare Advantage

Medicare Advantage covers all Medicare benefits, typically includes prescription drug coverage, and offers extra benefits and lower maximum out-of-pocket costs compared to FFS Medicare. Medicare Advantage offers an integrated system of care delivery which requires providers to ensure access to all necessary care and enables providers to coordinate care for beneficiaries.

Medicare Advantage has an annual limit on out-of-pocket costs for beneficiaries. FFS Medicare does not have out-of-pocket cost protections. With a more flexible benefit and payment structure, Medicare Advantage can offer tailored services to meet patient's needs in the most appropriate setting, with the most appropriate provider.

Medicare Advantage Covers Medical Care And Drugs, And Often Extra Benefits Compared To FFS Medicare

	2018 Plan Year	Coverage	Monthly Premium	Cost Sharing*
FFS Medicare	Part A	Hospital Services	Typically \$0, or up to \$413 based on income	Deductible: \$1,316/year Copoly/ Coinsurance: Varies No out-of-pocket limits
	Part B	Physician Services	Typically \$109, or \$134+ based on income	Deductible: \$189/year Coinsurance: Typically 20% No out-of-pocket limits
	Supplemental Coverage	Helps pay out-of-pocket costs in FFS Medicare	Varies	Examples of supplemental coverage include Medigap and coverage from a former employer
MA	Part C	Hospital Services, Physician Services, and Other Supplemental Benefits. Most plans offer Part D Medications	\$30 on average 94% of beneficiaries have access to a zero-premium plan	Deductible & Coinsurance limited to Total Cost Sharing: \$6,700/year***
Drugs	Part D	Medications from a Pharmacy	\$33.50 on average	Deductible: Limited to \$405 Coinsurance: 25% for up to \$5,100 in total drug costs**