

Summary of Report: Medicare Advantage Provides Key Financial Protections to Low- and Modest-Income Populations

BETTER MEDICARE
ALLIANCE

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Key Facts

Medicare Advantage plays a critical role in protecting financially vulnerable Medicare beneficiaries with low- to modest-incomes from out-of-pocket (OOP) health care costs.

Low-income Medicare beneficiaries experience lower cost burden associated with OOP costs compared to low-income beneficiaries in Traditional Fee-for-Service (FFS) Medicare.

Medicare Advantage enrollees report total spending (OOP cost sharing plus premium costs) to be **\$1,276** less than beneficiaries in Traditional FFS Medicare.

Chronically ill Medicare beneficiaries are choosing Medicare Advantage at rates that mirror Traditional FFS Medicare.

Overview

Medicare Advantage plans have the flexibility to offer cost and coverage policies that are not available in Traditional FFS Medicare. Almost all Medicare Advantage plans offer benefits that are not covered by Traditional FFS Medicare, such as coverage for dental, vision, hearing, and wellness services. In addition, Medicare Advantage enrollees do not need to buy supplemental coverage, known as Medigap, and most enrollees are in zero-premium plans that typically include prescription drug coverage. There is also a maximum annual OOP limit for all enrollees. These types of consumer cost savings and protections do not exist in Traditional FFS Medicare.

Better Medicare Alliance commissioned an analysis of the 2016 Medicare Current Beneficiary Survey to examine how Medicare coverage affects beneficiaries' access to care, utilization of benefits, and OOP costs. The analysis showed that Medicare Advantage plays a critical role in protecting beneficiaries with low- to modest-incomes from OOP health care costs.

Low-Income Medicare Beneficiaries Are More Likely to Enroll in Medicare Advantage

- **40%** of beneficiaries under **200%** of the Federal Poverty Level (FPL) were enrolled in Medicare Advantage in 2016, compared to 36% in Traditional FFS Medicare.
- Medicare Advantage enrollees are financially vulnerable, with **45.8%** of Medicare Advantage enrollees living below 200% of FPL, or \$24,000 a year for a household size of one in 2018, compared to 37.6% in the Traditional FFS Medicare population.
- Medicare Advantage serves a higher proportion of enrollees who are also eligible for Medicaid, about **20.5%** of enrollees, compared to 16.6% of Traditional FFS Medicare beneficiaries.

Medicare Advantage Enrollees Report Lower Average Annual Individual Spending

- Medicare Advantage enrollees report total spending (OOP cost sharing plus premium costs) to be **\$1,276** less than beneficiaries in Traditional FFS Medicare.
- The lower average spending reduces the cost burden of health care for Medicare Advantage enrollees. About **15%** of Medicare Advantage enrollees reported experiencing cost burden, compared to about 20% of beneficiaries in Traditional FFS Medicare.
- Among the lowest income Medicare population, just over one third of Medicare Advantage enrollees experience cost burden, compared to over half of Traditional FFS Medicare beneficiaries.

Medicare Advantage Serves Populations with Complex Conditions

- Medicare Advantage and Traditional FFS Medicare populations have very similar clinical profiles. About **6%** of Medicare Advantage enrollees report having congestive heart failure, 20% report chronic obstructive pulmonary disease, 33% report diabetes, and about 8% report dementia.
- Beneficiaries also report similar levels of functional impairment.

Medicare Advantage provides significant financial value to millions of seniors and individuals with disabilities, particularly those who live on low- to modest-incomes. Ensuring access to consumer-friendly, complete information on the differences between Traditional FFS Medicare and Medicare Advantage regarding costs and financial protections is important to all beneficiaries, especially those with lower incomes who may benefit the most. These findings are also important to policymakers as they look towards policies that reduce costs and improve quality in Medicare.

All findings above are found in the full report: *Medicare Advantage Provides Key Financial Protections to Low- and Modest-Income Populations*. Analysis by Anne Tumlinson Innovations.