Medicare Advantage is the part of the Medicare program, through which private health plans provide comprehensive medical coverage to seniors and people with disabilities. Over 15.8 million Americans, or roughly 30 percent of all Medicare beneficiaries, have chosen to enroll in a Medicare Advantage plan because of the higher-quality care and additional benefits these plans provide.

Medicare Advantage Plans Provide Higher-Quality Care to Beneficiaries

Peer reviewed research demonstrates Medicare Advantage plans are more effective than fee-for-service (FFS) Medicare at addressing critical patient care issues, such as reducing preventable hospital readmissions, increasing primary care visits, and managing chronic illnesses.

- A 2013 study published in *Health Affairs* found that Medicare Advantage plans' performance on measures for breast cancer screening, diabetes care, and cholesterol testing for cardiovascular were consistently better compared to FFS Medicare.
- A study published in the *American Journal of Managed Care (AJMC)* found that Medicare Advantage plans had a readmission rate about 13 percent to 20 percent lower than in the Medicare FFS.
- A study published in the January 2012 edition of *Health Affairs* found that beneficiaries with diabetes in a Medicare Advantage special needs plan (SNP) had “seven percent more primary care physician office visits; nine percent lower hospital admission rates; 19 percent fewer hospital days; and 28 percent fewer hospital readmissions compared to patients in FFS Medicare.”
- An article in *AJMC* concluded that Medicare Advantage plans outperformed the Medicare FFS in 9 out of 11 clinical quality measures – meaning enrollees received the level of effective care recommended by a doctor with greater frequency than patients in Medicare FFS, for 9 of the 11 procedures studied.

Beneficiaries are Overwhelmingly Satisfied with their Medicare Advantage Coverage

Beneficiaries enrolled in Medicare Advantage plans report high levels of satisfaction with the program. A recent North Star Opinion Research survey found 90% of beneficiaries are satisfied with their plans, 94% are satisfied with the quality of care they receive, and 90% are satisfied with the benefits received in their Medicare Advantage plan.

Medicare Advantage Beneficiaries Receive Additional Benefits and Services

Medicare Advantage plans provide extra benefits and services not included in the Medicare FFS program, including:

- Case management services
- Disease management programs
- Coordinated care programs
- Prescription drug management tools integrated with medical benefits
- Tools to address disparities in care for minorities
- Nurse help hotlines
- Enhanced coverage of home infusion, personal care, and durable medical equipment
- Vision, hearing, dental, and fitness benefits
Medicare Advantage Protects Against Unpredictable Out-of-Pocket Costs

All Medicare Advantage plans in 2014 offered an out-of-pocket maximum for beneficiary costs. These out-of-pocket maximums – which are not offered by the Medicare FFS program – help protect Medicare beneficiaries from catastrophic health care expenses that otherwise might pose a serious threat to their financial security. Medicare Advantage plans also help reduce out-of-pocket costs for enrollees by reducing premiums for Part B and Part D, and by limiting cost-sharing for Medicare-covered services, including primary care physician visits and inpatient hospital stays.

Recent Funding Cuts and New Health Insurance Tax Jeopardizes the Medicare Advantage Program for Beneficiaries

Year over year funding cuts and the new health insurance tax will likely result in beneficiaries enrolled in Medicare Advantage facing higher out-of-pocket costs, reduced benefits, and/or fewer health care choices.

- **The Affordable Care Act (ACA):**
  - Includes more than **$200 billion in cuts** to Medicare Advantage.
  - Imposes a **new health insurance tax** that began in 2014. Oliver Wyman, an actuary firm, estimates that this tax alone will result in beneficiaries enrolled in Medicare Advantage plans facing $220 in higher out-of-pocket costs and reduced benefits next year and $3,500 in additional costs over the next ten years.

- **The American Tax Relief Act of 2012 (ATRA):** Cut an additional $5 billion from Medicare Advantage.

- **The Budget Control Act (2013):** Reduced funding to Medicare Advantage by an additional two percent due to sequestration.

- **The Administration’s FY 2015 Budget Proposal:** Includes over $19.8 billion in proposed additional Medicare Advantage cuts over ten years.

- **Impact of the 2014 and 2015 Final Rate Notices:** Independent projections estimate that Medicare Advantage faces an approximately 3 – 3.5 percent payment cut for next year. This follows a 4 - 6 percent payment cut in 2014.