Medicare Advantage Provides Higher-Quality Care

What Is Medicare Advantage? Medicare Advantage is the part of the Medicare program through which private health plans provide comprehensive medical coverage to seniors and individuals with disabilities. Over 17 million Americans, or 30% 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.

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

How Satisfied Are Beneficiaries? Beneficiaries enrolled in Medicare Advantage plans report high levels of satisfaction with the program. A North Star Opinion Research survey found 90 percent of beneficiaries are satisfied with their plans, 94 percent are satisfied with the quality of care they receive, and 90 percent are satisfied with the benefits received from their Medicare Advantage plan.¹

Medicare Advantage Plans Achieve Better Outcomes than the Medicare Fee-for-Service Program

Peer-reviewed research demonstrates the success of Medicare Advantage plans in detecting and treating chronic disease early to improve health status and prevent unnecessary hospital admissions. For example, a study published in Health Affairs concluded that Medicare Advantage enrollees have lower incidence of emergency services and hip and knee replacements and higher rates of coronary bypass surgery in accordance with national guidelines when compared to beneficiaries in fee-for-service Medicare.⁵

Other independent research also has found that Medicare Advantage plans are providing better access to primary care, reducing unnecessary hospitalizations, and performing better on quality measures than fee-for-service Medicare. (See adjacent text box.)

High Quality: By the Numbers

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 fee-for-service.²

A Health Affairs study found 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 fee-for-service Medicare.”³

Medicare Advantage Health Maintenance Organizations (HMOs) outperformed the Medicare fee-for-service in seven out of seven clinical quality measures related to breast cancer screening, diabetes monitoring, cholesterol testing, and vaccinations for influenza and pneumonia.⁴
Medicare Advantage: Providing High Quality Care to Medicare Beneficiaries

The Agency for Healthcare Research and Quality (AHRQ) found that Medicare Advantage enrollees have reduced length of hospital stays when compared to beneficiaries in fee-for-service Medicare.6

Medicare Advantage Plans Reduce Costs for the Medicare Fee-for-Service Program

The delivery system reforms implemented by Medicare Advantage plans are reducing costs throughout the Medicare program. Peer-reviewed research finds Medicare Advantage plan practices “spillover” to the rest of the health care system, and yield, for instance, more effective hospital services including lower hospitalization costs and shorter lengths of stay. This analysis finds that a 10 percent increase in Medicare Advantage penetration is associated with a 2.4 percent - 4.7 percent reduction in hospital costs for patients not enrolled in the Medicare Advantage program.7

New research by Milliman indicates that after accounting for cost efficiencies that “spillover” from Medicare Advantage into fee-for-service in areas of high plan penetration, the cost of the program is below that of fee-for-service Medicare.8

Medicare Advantage Protects Against Unpredictable Out-of-Pocket Costs

All Medicare Advantage plans in 2016 offered an out-of-pocket maximum for beneficiary costs. These out-of-pocket maximums – which are not offered by the Medicare fee-for-service 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.

Medicare Advantage Beneficiaries Receive Additional Benefits and Services

Medicare Advantage plans provide extra benefits and services not included in the Medicare fee-for-service 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