

## **MEDICARE ADVANTAGE CHANGES**

### ***Phasing Out Overpayments***

Medicare Advantage (MA) plans are paid on average 14% more than traditional Medicare; thus the government pays these plans over \$1000 more per person each year than traditional Medicare. This overpayment also raises Part B premiums for seniors and the disabled, including those not on MA plans, by \$90 per couple a year. The Patient Protection and Affordable Care Act restructures government payments to Medicare Advantage plans to keep it more in line with that of traditional Medicare. The new law reduces the overpayment to MA plans over a seven-year period -- freezing it in 2011 and then by setting different percentage of Medicare fee-for-service (FFS) rates depending on where beneficiaries live, with higher payments for areas with low FFS rates and lower payments (95% of FFS) for areas with high FFS rates. The reductions in overpayment will extend the solvency of the Medicare Trust Fund by 12 years according to the Medicare actuaries.

### ***Bonus Payments to High-Quality Plans***

Medicare Advantage plans that provide good quality care and receive 4 or more stars, based on the current 5-star quality rating system for Medicare Advantage plans, will receive bonus payments.

### ***Benefits to Medicare Advantage Enrollees***

Medicare Advantage plans can no longer charge higher co-payments than Medicare. Beginning in 2010, MA plans must begin to report the portion of premiums dollars spent on medical care. Large group plans, including Medicare Advantage, must spend 85% of enrollee premiums on health care, rather than on administrative costs, executive pay or insurance company profits. Beginning in 2014, MA plans that do not meet the 85% medical-loss ratio requirement will be required to pay rebates to the Medicare program.

### ***Greater Government Oversight***

If MA's medical-loss ratio is less than 85% for two consecutive years, the Secretary of Health & Human Services is required to suspend plan enrollment for 3 years and to terminate the plan if the MA's medical-loss ratio is less than 85% for five consecutive years.

For more information, please visit: <http://bit.ly/cdzbJc>.

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