

# The So-Called Medicare Advantage Plan

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As I have discussed in past columns, Medicare Advantage Plans are health plan options that are a component of Medicare and were created along with the Medicare drug benefit as a result of the 2003 Medicare Modernization Act. If you join one of these plans, you generally receive all your Medicare-covered health care through that plan, which can include prescription drug coverage.

Under the Medicare Advantage Program, the Centers for Medicare and Medicaid Services (CMS) approves private companies to offer programs to Medicare enrollees as an alternative to the original Medicare coverage with deductibles, sometimes called Medicare part C. The premiums or costs of services (co-pays) can be lower in a Medicare Advantage Plan because it provides all traditional Part A (hospital) and part B (medical) coverage without needing to purchase a

supplemental “Medigap” policy. This does then appear to be an “advantage”. Because of the subsidies offered by the federal government to Medicare Advantage Plans were greatly increased, the number of enrollees in the plan soared. Roughly one in four Medicare recipients is now on a Medicare Advantage plan due to all the extra benefits that were offered.

However, the privatization of the Medicare Advantage Plan has caused much confusion as well as a lack of available information in regards to the right to appeal claims, lengthy delays in the process, and sometimes the necessity of using an experienced advocate to navigate the process.

America’s new health reform law, the Affordable Care Act, may not do much to alleviate this confusion. The new reform, much of which begins to take effect in 2014, will generate \$575 billion in Medicare cost savings over the next decade. These savings will help Medicare remain fiscally solvent for 12 years longer than projected just one year ago—until 2029.

But these “cutbacks” do come at a cost, some of which could prove extremely expensive to retirees. Elder Life Management has identified the following points as items that should be of concern to those enrolled or thinking of enrolling in a Medicare Advantage plan.

- Older adults enrolled in Medicare Advantage plans may soon find their benefits have been cut. The reduced payments by the government may lead to a reduction in benefits such as dental and optical coverage.
- Individuals enrolled in a Medicare Advantage Plan will no longer be able to switch to another advantage program. Instead, the only option will be to join the traditional Medicare program if they decide to leave their current plan because benefits have been reduced.

- Older adults enrolled in a Medicare Advantage plan don't have Medigap policies. These policies are private insurance plans that pay the gaps in traditional Medicare coverage such as hospital deductibles and doctor co-payments.
- When switching from a Medicare Advantage plan to

traditional Medicare, the premiums will be much higher for Medigap insurance. This is due to the fact that most people take out Medigap coverage when they turn 65 and are healthy. Those who are older and in poorer health will have to pay much more for the coverage.

Understanding eldercare needs and insurance coverage typically does not

become an issue until the "insurance" is needed. It is unfortunate that it is not until that time that most people become more educated.

For now, enlisting outside assistance to clarify various options may be extremely helpful. Comprehensive elder care agencies can offer helpful information that can help you and your loved ones select the most appropriate plan that can best cover your needs.

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