

American Academy of Pediatrics

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Section for Senior Members

Medicare Advantage Plans – Are they for you and your spouse? Do they provide quality care with decreased out-of-pocket costs for beneficiaries, and lower costs than traditional Medicare for the federal government? Not so, according to data published over the past year by the [Commonwealth Foundation](#).

Medicare Advantage Plans are subsidized by the federal government and cost more than traditional FFS Medicare. The Medicare Modernization Act of 2003 sharply increased payments to private Medicare Advantage plans. As a result, **every plan in every county in the nation was paid more in 2005 than its enrollees would have been expected to cost if they had been enrolled in traditional fee-for-service Medicare.** Commonwealth Fund authors calculate that payments to Medicare Advantage plans averaged 12.4 percent more than costs in traditional Medicare during 2005: a total of more than \$5.2 billion, or \$922 for each of the 5.6 million Medicare enrollees in managed care. To learn more from this November 2006 Commonwealth Fund report, [CLICK HERE](#).

Certain Medicare beneficiaries have higher out-of-pocket costs in Medicare Advantage Plans than FFS Medicare. In 2005, annual out-of-pocket costs for plan members ranged from under \$100 for beneficiaries in good health to over \$6,000 for those in poor health. Costs for beneficiaries in poor health would actually have been higher than fee-for-service in 19 of the 88 MA plans examined. Despite the high payments, relative to fee-for-service costs, that MA plans receive from Medicare to enrich enrollee benefits, these plans may not always be a good deal for sicker beneficiaries who use more health services. To learn more from this May 2006 Commonwealth Fund report, [CLICK HERE](#).

Finally, is there is difference in the quality of care in “for-profit” and “not-for-profit” health plans enrolling Medicare beneficiaries? Researchers found that **enrollees in for-profit health plans received significantly lower-quality care than enrollees in not-for-profit plans in four important areas: breast cancer screening, diabetic eye examination, beta-blocker medication after heart attack, and follow-up after hospitalization for mental illness.** To learn more, [CLICK HERE](#) to read a summary of research by Schneider et. al. (Quality of Care in For-Profit and Not-for-Profit Health Plans Enrolling Medicare Beneficiaries, *American Journal of Medicine*, December 2005 118(12):1392–1400). One can also view the original paper.

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