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Washington Health Policy Week in Review Medicare Advantage Plans Don't Deliver, Report Says

By John Reichard, CQ HealthBeat Editor

May 11, 2007 -- As the debate heats up over chopping Medicare payments to managed care plans, critics of those plans are charging that they don't deliver what they promise and so shouldn't be paid more than providers in traditional Medicare. The report details several problems it claims are "typical" of those faced by enrollees in Medicare Advantage plan.

The report, which focuses on Medicare Advantage plans, the private health plans that contract with the Medicare program to provide care, details several problems it claims are "typical" of those faced by enrollees in Medicare Advantage plan.

"The Bush administration and certain members of Congress must shed their ideological illusions about Medicare private health plans, stop the overpayments, and let the private health plans compete fairly with original Medicare on a level playing field," said Robert M. Hayes, president of the New York City-based Medicare Rights Center, in the recent report.

Insurance industry officials, meanwhile, say that the plans are growing in popularity, with tens of thousands of seniors joining an advocacy group called Coalition for Medicare Choices to protest cuts that could reduce their benefits.

The report fails to point out the many cost advantages enjoyed by Medicare beneficiaries in managed care plans, said Mohit Ghose, a spokesman for America's Health Insurance Plans.

The study alleges the following problems it said are based on calls received on its consumer hotline:

- Care under Medicare Advantage can cost more than under traditional Medicare. A New Jersey man was prescribed four rounds of chemotherapy for colon cancer. The man entered a hospital every 14 days for three days of treatment, paying his Medicare Advantage plan a \$900 copayment for each hospital admission. Had the man stayed in traditional Medicare instead and bought the cheapest Medigap plan to cover his out-of-pocket costs, he would have spent some \$2,000 less—\$1,656 a year for the Medigap plan, instead of \$3,600 in copayments.
- Benefits can change from year to year. A Medicare Advantage plan representative told a woman with polio that the plan would cover the full cost of a new wheelchair without charging a copayment. The woman ordered the wheelchair in 2006, but was told by its supplier it would not be ready until January of 2007. The plan then changed its coverage policy in 2007 to charge a copayment totaling \$1,065.
- Difficulty can occur getting urgent care. A Medicare Advantage plan denied claims filed by an 80-year-old Tennessee man for hospital treatment of a heart attack, saying he failed to obtain prior authorization for care. The hospital bills totaled about \$87,000. In another case, a New Jersey man called for an ambulance to take him to a hospital, which diagnosed him as having suffered a heart attack. After being transferred to another hospital better suited to treat him, his Medicare Advantage plan denied payment for the ambulance that took him there because he had not obtained prior approval.
- Members have to follow Medicare Advantage plan rules to get covered care. A North Carolina man getting treatment for a brain tumor at Duke University Hospital got denials for payment of his care from his Medicare Advantage plan because he had not obtained authorization for treatment by the facility.
- Promised extra benefits may not materialize. A New York City man was unable to eat solid food for years after a car crash several years earlier left him with a broken jaw and broken teeth. A sales person for a Medicare Advantage plan told him he would get the dental care he badly needed if he enrolled. After doing so, the man was told the plan would only pay for accident-related dental care within a year of the accident.

Ghose said that "survey after survey" show that Medicare Advantage enrollees are "overwhelmingly satisfied with their coverage." Ghose added that, "it would be nice to have groups that are politically motivated to end the better benefits and lower out-of-pocket costs for eight million seniors provide examples of other 'typical' situations in Medicare Advantage."

He said that there is no overall cap on out-of-pocket costs in traditional Medicare, including for inpatient treatment. In contrast, 95 percent of beneficiaries have access to Medicare Advantage plans that do have a cap for inpatient care. In addition, 73 percent of all Medicare beneficiaries have access to Medicare Advantage plans that require no cost-sharing whatsoever for inpatient hospital stays, he said.

Almost 60 percent of beneficiaries have access to Medicare Advantage plans that require no cost-sharing for cancer and other drugs, Ghose said. Beneficiaries must pay 20 percent of the cost of Part B drugs, an expense that can cost them thousands of dollars. He added that 80 percent of Medicare Advantage plans offer better coverage than traditional Medicare for radiation therapy.

In addition, some 450 "special needs plans" in Medicare Advantage specifically address the needs of those who are severely ill or disabled with conditions such as AIDS, diabetes, kidney disease, and congestive heart failure, he said.

Ghose added that Medicare Advantage plans have programs missing from traditional Medicare to promote healthy lifestyles as well as "disease management" programs to carefully coordinate care for those with chronic illnesses.

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