

Aug. 7, 2019

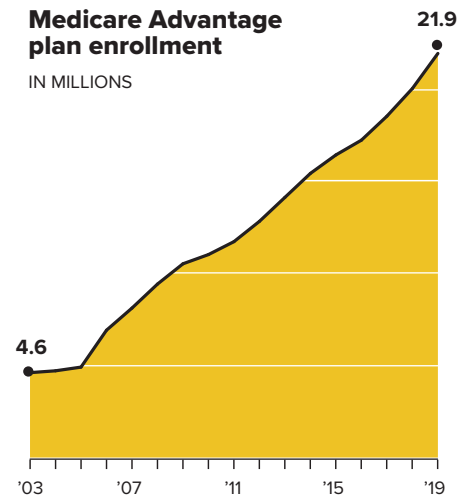
The Medicare Advantage program, explained

BY CRISTINA RIVERO, POLITICO PRO DATAPOINT

Medicare Advantage is a program developed by the U.S. Centers for Medicare and Medicaid Services that enables Medicare beneficiaries to receive Medicare Part A and Part B coverage — inpatient and outpatient care — via private health insurance companies contracted with CMS instead of from any health care provider offering Medicare services. Part A and B provided services are generally paid for by the government on a “fee-for-service” basis. CMS pays private health plans participating in the Medicare Advantage program, also referred to as Medicare Part C, a per-person monthly amount for providing all Medicare-covered benefits except hospice care to Medicare beneficiaries.

Medicare Advantage plans — which may also offer prescription drug, vision, hearing and dental coverage — may be more restrictive than original Medicare because provider networks may be located in specific geographic areas and out-of-network costs incurred by enrollees may not be covered.

According to a Medicare Payment Advisory Commission analysis, Medicare Advantage enrollment reached 21.9 million as of February 2019 — representing about 34 percent of all Medicare beneficiaries nationwide.



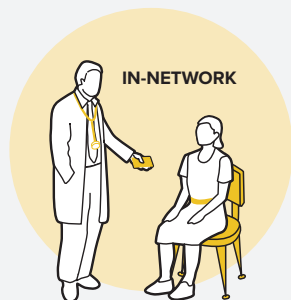
**Click for more information about DataPoint,
and your Account Manager will follow up shortly.**

Types of Medicare Advantage plans

HMO

Health Maintenance Organization plans mostly require Medicare Advantage enrollees to go to only in-network doctors and hospitals except in urgent or emergency care situations.

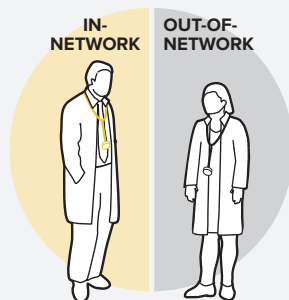
Primary care doctors may need to issue referrals to enrollees for tests or to see other doctors.



PPO

Preferred Provider Organization plans allow enrollees to see out-of-network doctors and hospitals but pay less if in-network participants are seen.

Local PPOs may serve individual counties while regional PPOs cover regions within states.



PFFS

Private Fee-for-Service plans generally allow enrollees to visit any doctor or hospital which accepts the plan's payment terms.

Payment amounts to doctors and hospitals, as well as enrollee out-of-pocket costs, are determined by the plan.



SNP

Special Needs Plans provide specialized health care for specific enrollees such as those eligible for both Medicare and Medicaid, living with certain chronic medical conditions or residing in nursing homes.

SNPs can also be HMOs, local PPOs or regional PPOs.



**Click for more information about DataPoint,
and your Account Manager will follow up shortly.**

How CMS compensates Medicare Advantage plans for providing Medicare services



CMS pays each private health plan contracted to participate in the Medicare Advantage program a **per-plan-enrollee monthly amount for providing all Medicare-covered benefits, except hospice care, to Medicare beneficiaries.** The per-enrollee payment determined for a plan is the same each month even if the number of Medicare services varies among enrollees in the plan.



CMS determines a plan's payment amount in part by comparing a plan's estimated total cost or "bid" for providing Medicare Part A and B-covered services to the maximum amount or "benchmark" the federal government will pay for providing those services in a plan's service area. Plan benchmarks are calculated each year for each county or region, set at county or regional projected per capita fee-for-service Medicare spending and a plan's performance quality rating determined by CMS. Payment amounts are risk adjusted based on plan enrollees' health histories and demographics.



If a plan's total health care cost "bid" amount for their enrollees is less than the government benchmark set for the plan, the plan's monthly CMS compensation equals the bid amount plus a rebate per plan enrollee. A rebate, whose size also depends on a plan's performance quality CMS rating, must be given to plan members as extra benefits such as lower cost sharing or lower premiums. If a plan's bid amount is higher than its specified benchmark, plan enrollees may pay higher premiums for care.

HMO: \$125

Average monthly rebate
per plan enrollee, 2019

PPO: \$56
















































































































































PFFS: \$18

SNP: Average monthly rebate
amount not available.

Note: According to MedPAC, HMOs receive a higher average rebate because the health care plan type tends to estimate lower total health care cost spending.

**Click for more information about DataPoint,
and your Account Manager will follow up shortly.**

Enrollment in Medicare Advantage plans as of February 2019

	Medicare eligibles, in millions	Percentage enrolled in Medicare Advantage plans					Medicare eligibles, in millions	Percentage enrolled in Medicare Advantage plans			
		HMOs	Local PPOs	Regional PPOs	PFFS			HMOs	Local PPOs	Regional PPOs	PFFS
California	6.5	37% 	2% 	0	0	Puerto Rico	.81	70% 	3% 	0	0
Florida	4.8	29% 	9% 	6% 	0	Oklahoma	.78	12% 	8% 	1% 	0
Texas	4.3	20% 	12% 	4% 	0	Connecticut	.71	21% 	17% 	1% 	0
New York	3.8	26% 	10% 	3% 	0	Arkansas	.68	12% 	4% 	6% 	2% 
Pennsylvania	2.8	25% 	15% 	0	0	Iowa	.65	8% 	12% 	0	0
Ohio	2.4	22% 	15% 	1% 	0	Mississippi	.63	11% 	4% 	4% 	0
Illinois	2.3	11% 	12% 	0	0	Kansas	.56	7% 	9% 	0	1% 
Michigan	2.2	14% 	23% 	1% 	0	Nevada	.56	30% 	5% 	0	0
North Carolina	2.1	14% 	18% 	3% 	0	West Virginia	.46	3% 	24% 	1% 	1% 
Georgia	1.8	11% 	18% 	8% 	0	New Mexico	.44	20% 	15% 	0	0
New Jersey	1.7	13% 	15% 	0	0	Utah	.41	28% 	8% 	0	0
Virginia	1.6	10% 	6% 	2% 	1% 	Nebraska	.36	10% 	4% 	0	1% 
Washington	1.4	27% 	4% 	0	0	Maine	.35	18% 	13% 	1% 	1% 
Tennessee	1.4	25% 	13% 	1% 	0	Idaho	.35	19% 	13% 	0	0
Massachusetts	1.4	15% 	5% 	1% 	0	New Hampshire	.31	8% 	7% 	2% 	0
Arizona	1.4	33% 	5% 	1% 	0	Hawaii	.28	17% 	27% 	2% 	0
Indiana	1.3	10% 	17% 	3% 	0	Montana	.24	7% 	10% 	0	1% 
Missouri	1.3	21% 	10% 	3% 	0	Rhode Island	.23	33% 	3% 	1% 	0
Wisconsin	1.2	22% 	14% 	1% 	1% 	Delaware	.21	7% 	8% 	0	0
South Carolina	1.1	8% 	8% 	11% 	0	South Dakota	.19	1% 	7% 	0	0
Alabama	1.1	18% 	20% 	1% 	0	Vermont	.15	3% 	3% 	4% 	1% 
Maryland	1.1	7% 	4% 	0	0	North Dakota	.14	0	3% 	0	0
Minnesota	1.1	14% 	24% 	0	0	Wyoming	.11	0	2% 	0	1% 
Colorado	.98	29% 	8% 	0	0	Alaska	.10	0	1% 	0	0
Kentucky	.97	9% 	18% 	4% 	0	Washington, DC	.10	7% 	10% 	0	0
Oregon	.91	28% 	14% 	0	0	Virgin Islands	.02	0	1% 	0	0
Louisiana	.91	30% 	4% 	2% 	0	U.S. TOTAL	63.7	21% 	11% 	2% 	0

NOTE: SNP plan enrollment is included in HMO and PPO totals. American Samoa, Guam and the Northern Mariana Islands are not included in the enrollment analysis.