

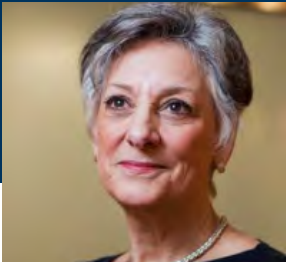


State of Medicare Advantage

REPORT
MAY 2021

BETTER MEDICARE
ALLIANCE





A Message from Our President and CEO

DEAR FRIEND OF BETTER MEDICARE ALLIANCE,

On behalf of our dedicated board and staff, 160 Ally organizations, and more than 500,000 grassroots beneficiary advocates, I am pleased to present our 2021 State of Medicare Advantage report.

This year's report comes at a consequential time for the future of Medicare Advantage and health care policy more broadly. As of this writing, policymakers remain consumed by the demands of a global pandemic that has claimed more than 3.2 million lives worldwide. This number includes more than 575,000 people in the United States alone, with a disproportionate impact on the Medicare-aged population.

With more Americans being vaccinated every day and declining fatality rates, policymakers are looking ahead; taking action towards economic recovery and towards remedies for longstanding issues in health care brought to light during the pandemic. While addressing the immediate needs of the COVID-19 health emergency will continue to be the highest priority, we see that lawmakers are also working to move health care policy forward with a more agile public health infrastructure, attention to health disparities, better access to affordable care and a move toward a more integrated, value-based health system. Medicare Advantage's role in these areas – particularly in improving affordability, demonstrating preparedness during the pandemic, and modernizing the way we finance and deliver care for Medicare beneficiaries – are all highlighted in this report.

This 2021 report also comes on the heels of a new administration with its own vision, set of goals, and priorities in health care. Our team is already at work engaging these policymakers – sharing the facts about Medicare Advantage's success, the significant value it provides to over 26 million beneficiaries, and the need for continued stability to protect this coverage lifeline.

At BMA, we work to **tell the story of Medicare Advantage** through data-driven research, timely analyses, firsthand stories of innovation, and policy commentary.

Our State of Medicare Advantage report is an annual snapshot of the evidence of Medicare Advantage's success. In this report, we have compiled the latest data into a comprehensive, one-of-its-kind publication that offers a full picture of Medicare Advantage today – from beneficiary demographics and enrollment trends, to consumer savings and improved outcomes, to Medicare Advantage's response to COVID-19 and the continued drive to health equity.

As health care costs for consumers and for the government continue to be of concern, there is an urgency to manage costs and achieve greater value for the public dollar, including in Medicare. A growing chorus of researchers, providers, and policymakers agree that the future of Medicare is not the traditional Fee-for-Service (FFS) model, which reimburses health services based on volume of services provided. Rather, the future is a prospective, capitated system like the one found in Medicare Advantage that rewards health care payers and providers for quality and outcomes.

With a 98% satisfaction rate, \$1,640 in average annual consumer savings over Traditional Medicare, improved health outcomes, and a proportionally more diverse beneficiary population, **Medicare Advantage is truly the future of Medicare**. This report gives you the facts so you can see for yourself.

Medicare Advantage depends on policymakers to continue the success we have documented. As you read through these pages, I hope you will consider joining us in our mission to build a healthier future for seniors and those with disabilities in Medicare through a strong Medicare Advantage. You can explore these stories in more depth, learn more about BMA and find out how to be involved at www.bettermedicarealliance.org

Sincerely,

Congresswoman Allyson Y. Schwartz
President and CEO
Better Medicare Alliance

State of Medicare Advantage

Key Facts

- Enrollment in Medicare Advantage is growing year over year with over 26 million people, or 42 percent of all Medicare beneficiaries currently enrolled in Medicare Advantage.
- Medicare Advantage beneficiaries report a 98 percent satisfaction rate with their coverage.
- The Medicare Advantage population is increasingly diverse. 33.7 percent of Medicare Advantage beneficiaries identify as a racial or ethnic minority, compared to 16 percent in Traditional FFS Medicare.
- Medicare Advantage beneficiaries report lower average annual individual spending compared to Traditional FFS Medicare, with consumer cost savings of \$1,640. This savings is a 40 percent lower rate of cost burden for Medicare Advantage beneficiaries.
- Medicare Advantage has a 43 percent lower rate of avoidable hospitalizations for any reason, as compared to Traditional FFS Medicare, and higher rates of screening for conditions such as cancer and depression.
- 99 percent of all Medicare beneficiaries have access to at least one Medicare Advantage plan and 96 percent of Medicare Advantage beneficiaries have access to at least one zero-dollar premium plan.
- About 90 percent of Medicare Advantage plans offer wellness, dental, vision, or hearing coverage, which are not available in Traditional FFS Medicare, and approximately 68 percent offer all four benefits. More plans also offer supplemental benefits for chronically ill beneficiaries that address social determinants of health.
- 52.7 percent of all Medicare Advantage beneficiaries live below 200 percent of the Federal Poverty Level, compared to 39.1 percent of beneficiaries in Traditional FFS Medicare.

Medicare Advantage's Response During COVID-19

While the intensity of the coronavirus (COVID-19) public health emergency lessens in some states and communities as more people become vaccinated, the pandemic continues to impact health care for everyone, everywhere. From January through December 26, 2020, there were over 2.7 million cases of COVID-19 in the Medicare population. Fortunately, the financial framework, care management, focus on primary care and flexibilities in Medicare Advantage enabled health plans and providers to shift quickly to meet the needs of beneficiaries. Unlike providers using fee-for-service payment models who saw a 50 percent loss in revenue during COVID-19, providers in Medicare Advantage received regular capitated payments from health plans, which provided much needed financial stability during a time when utilization dramatically decreased. Risk-bearing providers attributed the capitated payment model in Medicare Advantage as a main driver in their ability to deploy telehealth solutions quickly.³⁴

Primary care providers reported a significant increase in telehealth and other virtual care modalities with up to 90 percent of their patients receiving virtual care during the height of the crisis. Some providers went above and beyond by providing tablets to their patients who lacked the necessary technology to complete a virtual visit. Many health plans waived beneficiary cost sharing for telemedicine visits, and all waived consumer out-of-pocket costs for COVID-19 testing, and COVID-19 treatment.³⁵ Additionally, plans sent care packages to beneficiaries with items such as hand sanitizer, masks, thermometers, and over-the-counter health items to protect beneficiaries from COVID-19 and the flu.³⁶ Others offered additional support services, including meal delivery, patient contact to address social isolation, and medication delivery to further ensure beneficiary well-being and access to care.

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Covid Response



Benefit Flexibility

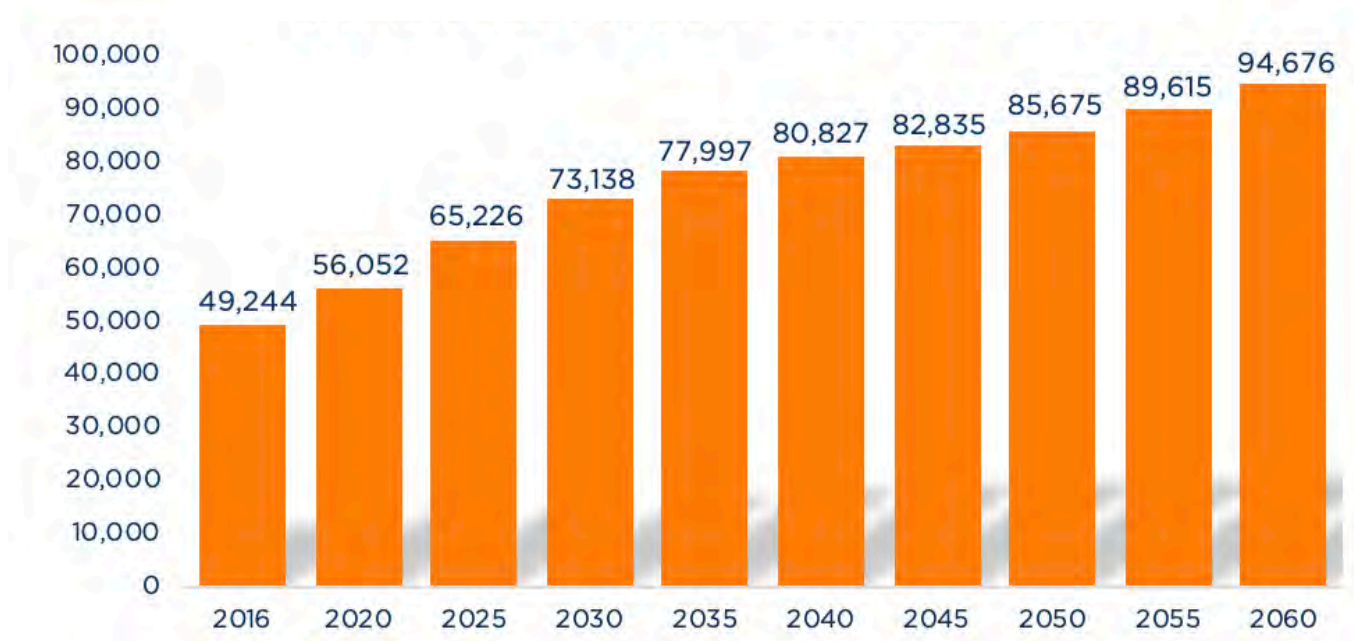
The Senior Population is Growing in the U.S.

Projections indicate the number of Americans over 65 years old will grow significantly in the coming decades, doubling the number of seniors to account for 20 percent of the American population. This will result in millions of new Medicare beneficiaries each year for the next 40 years.

Every day 10,000 seniors turn 65 and gain eligibility for Medicare.¹

According to the US Census Bureau, the number of Americans over age 65 is projected to double over the next four decades, growing from **56 million** seniors today to about **95 million** by 2060.²

Estimated U.S. Population Age 65 and Over (in millions)



Source: [Projected Age Groups and Sex Composition of the Population: Main Projections Series for the United States, 2017-2060](#). U.S. Census Bureau, 2017.

By 2030, the entire baby boom generation will have reached age 65 or older, meaning one in five U.S. residents will be older than 65. In 2035, just five years later, roughly 78 million Americans will be over age 65.³

Not only is the aging population growing but older adults are also living longer, and many are living with serious chronic conditions. **67 percent of Medicare beneficiaries have two or more chronic conditions.** Nearly all health costs are driven by patients with chronic conditions, for whom the federal government is the dominant payer. Individuals with multiple chronic conditions account for 94 percent of Medicare spending.⁴

The growing population of people over 65 years means ensuring there are adequate resources available in the Medicare Trust Fund. The growing senior population places demand on the health care system and its capacity to care for both more seniors and seniors who are living longer. While these realities present challenges, there are also opportunities to build on options, like Medicare Advantage, that offers high-quality care and coverage and addresses health disparities, all while using resources effectively.

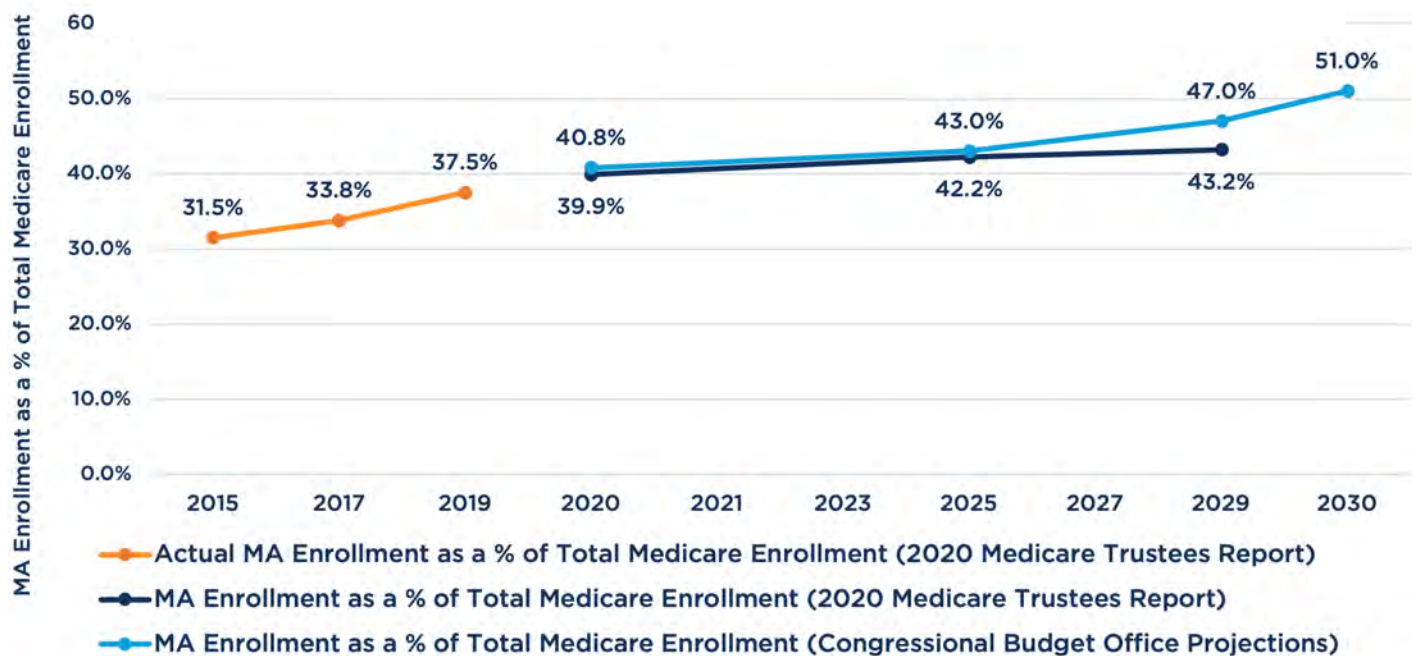
Enrollment in Medicare Advantage Continues to Grow

Total Medicare Advantage enrollment has nearly doubled over the last decade with enrollment at 26 million individuals in early 2021, or 42 percent of all Medicare beneficiaries. Enrollment is projected to increase to over 50 percent of total Medicare enrollment by 2030.⁵ Access to Medicare Advantage plans also continues to grow each year and is nearly universal across the U.S.

In 2020, 62.8 million people were enrolled in Medicare. Of those 62.8 million people, 54.5 million gained eligibility due to their age, and 8.3 million gained eligibility due to disability.⁶

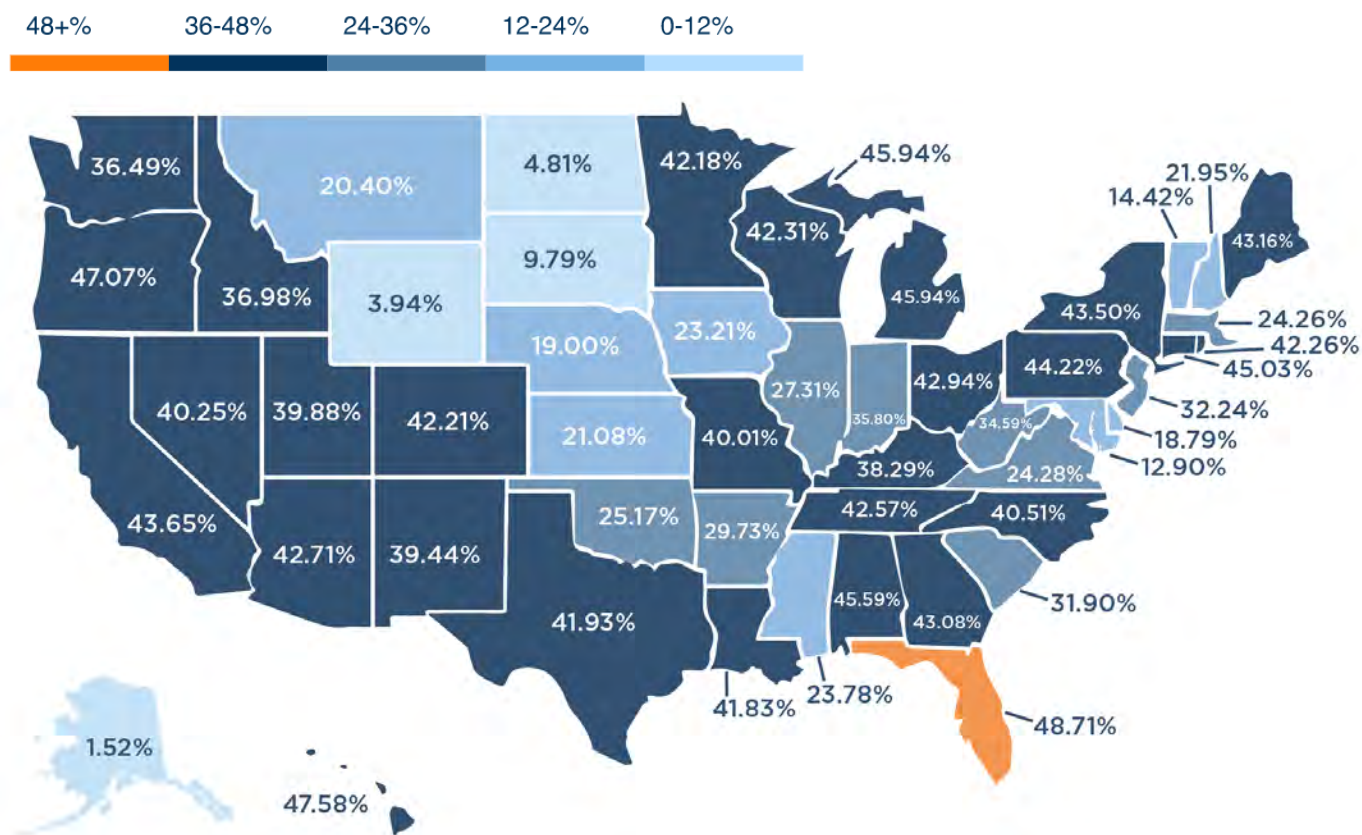
Today, over 26 million people, or 42 percent of total Medicare beneficiaries, are enrolled in Medicare Advantage and benefit from a higher quality of care at lower consumer costs.⁷

Medicare Advantage Enrollment and Growth Projections, 2015-2030



Source: [Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds](#). Centers for Medicare and Medicaid Services, 2020; Medicare Baseline Projections. Congressional Budget Office, March 2020.

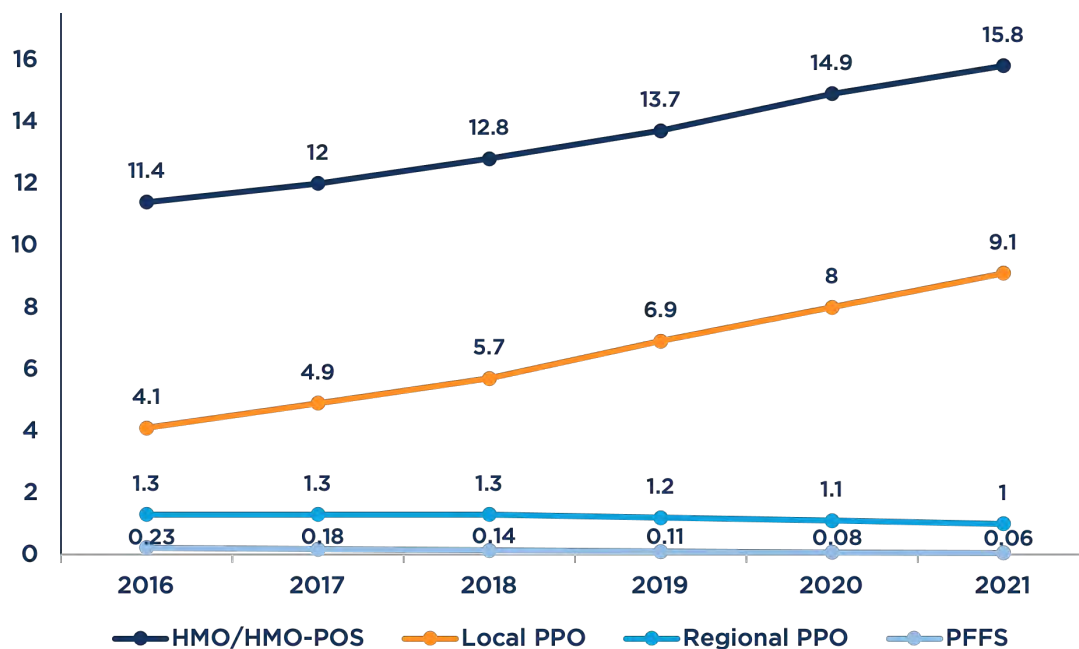
Medicare Advantage Enrollment Across the U.S., 2021



Source: [Medicare Advantage Enrollment Map](#). Better Medicare Alliance, 2021.

Most beneficiaries in Medicare Advantage choose Medicare Advantage-Prescription Drug plans (MA-PD plans) and **over 88 percent of all Medicare Advantage beneficiaries have prescription drug coverage through a combined plan**.⁸ Of the different Medicare Advantage plans offered, most beneficiaries are enrolled in HMO plans, followed by PPO plans, 15.8 percent and 10.1 percent, respectively.⁹

Medicare Advantage Enrollment By Plan Type (in millions)



Source: [Analysis of Monthly Report By Plan](#). Centers for Medicare and Medicaid Services, January 2021.

In 2021, Medicare Advantage enrollment is projected to be 44 percent higher than enrollment in 2017.¹⁰ Medicare Advantage enrollment growth has been spurred by new enrollees and those who switch after initial enrollment, choosing Medicare Advantage at a higher rate than Traditional FFS Medicare. Growth is also spurred by strong enrollment in employer retiree Medicare Advantage plans, known as Employer Group Waiver Plans (EGWPs). Employers such as state and local governments, industries, and unions chose EGWPs to provide health insurance coverage to its retirees.

EGWP Enrollment, 2017-2021



Source: [Analysis of Monthly Contract Summary Reports](#). Centers for Medicare and Medicaid Services.
Note: Enrollment numbers are for January each year, and exclude MSA and PFFS contracts

More Medicare Advantage beneficiaries are enrolling in Special Needs Plans (SNPs), which are Medicare Advantage plans for beneficiaries already enrolled in Medicare Advantage. SNPs focus on beneficiaries with certain chronic conditions, are institutionalized, or are dually eligible for both Medicare and Medicaid. Individuals with End-Stage Renal Disease are also eligible to enroll in Medicare Advantage as of 2021.

SNP Enrollment, 2017-2021



Source: [Analysis of Monthly Contract Summary Reports](#). Centers for Medicare and Medicaid Services.
Note: Enrollment numbers are for January each year, and exclude MSA and PFFS contracts

Seniors Have Widespread Access to Medicare Advantage Plans

Enrollment in Medicare Advantage is also driven by increased access to Medicare Advantage plans. In 2021, Medicare beneficiaries have access to over 4,800 plans offered across the country, an increase of 2,100 from 2017. Of the 4,800 plans offered, 2,900 are in rural counties.¹¹

Medicare Advantage's framework provides the flexibility to cover more services and benefits not available in Traditional FFS Medicare. Medicare Advantage beneficiaries choose plans based on cost of premiums and beneficiary cost-sharing, enhanced benefits, provider networks, and the plan's quality rating. In 2021:

- 99% of Medicare beneficiaries have access to at least one Medicare Advantage plan.¹² Since 2017, the number of plans available to eligible beneficiaries has increased 78.5%, with an average of 47 plan choices per county.¹³
- 94% of Medicare beneficiaries reside in counties served by at least one type of SNP.¹⁴
- 96% of Medicare Advantage enrollees have access to at least one zero-dollar premium plan, and 60% of enrollees were in a zero-dollar premium plan in 2020.¹⁵
- 89% of Medicare Advantage plans include prescription drug coverage, and 54% of these plans charge no premium.¹⁶

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BRIEF



**Medicare Advantage
Special Needs Plans**

FACTSHEET



**Medicare Advantage
Employer Retiree Plans**

FACTSHEET



**Expanded Access to Medicare
Advantage for Individuals with
End-Stage Renal Disease in 2021**

Medicare Advantage Population is Increasingly Diverse and Lower Income

The Medicare Advantage population is increasingly diverse and lower income, with complex medical conditions and higher rates of clinical and social risk factors than comparable beneficiaries in Traditional FFS Medicare.

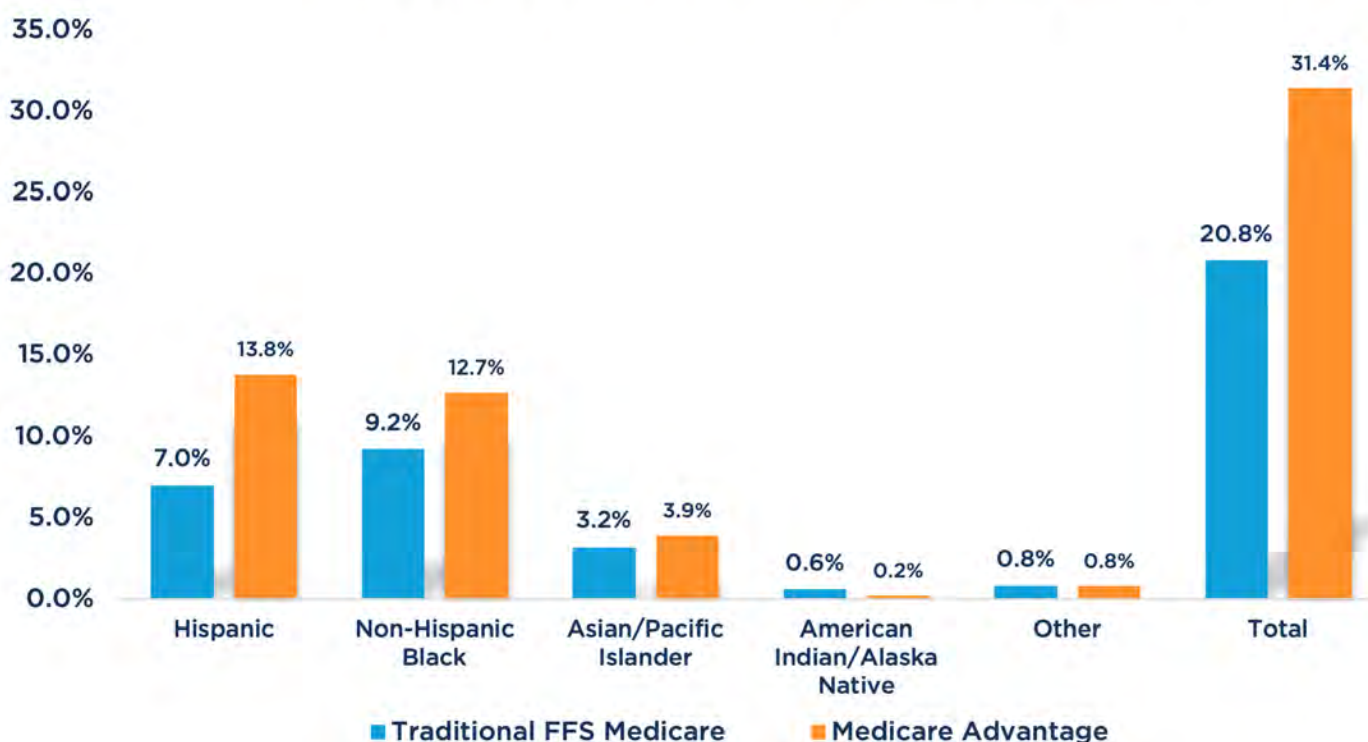
When compared to Traditional FFS Medicare, Medicare Advantage is the preferred option for those who are low-income and for racial and ethnic minorities. Medicare Advantage enrollees also have higher rates of clinical and social risk factors.

Minorities comprise 33.7 percent of Medicare Advantage beneficiaries compared to 16 percent of Traditional FFS Medicare beneficiaries.¹⁷

Similarly, a 2020 report showed that 31.4% of Medicare Advantage beneficiaries identify as racial and ethnic minorities, compared to 20.8% of those in Traditional Medicare. This data is represented in the chart below.

Of all minorities, Hispanics have the greatest representation in Medicare Advantage, followed closely by non-Hispanic Black beneficiaries. Asian and Pacific Islanders are less represented than Hispanic and non-Hispanic Black beneficiaries, but more than American Indian and Alaskan Native beneficiaries.¹⁸

Minority Representation in Medicare, 2020

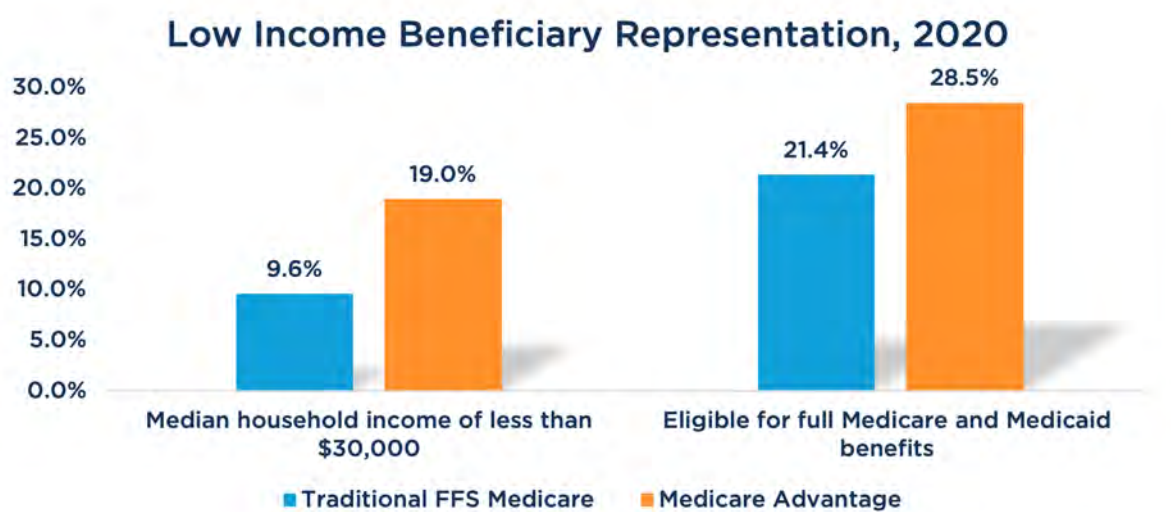


Source: [Comparing the Demographics of Enrollees in Medicare Advantage and Fee-For-Service Medicare](#). Milliman, October 2020.

Note: Due to a difference in timing of studies, the specific data points for minority representation differ slightly.

Beneficiaries in Medicare Advantage Have More Social Risk Factors Than Those in Traditional FFS Medicare

- 19% of beneficiaries live in a neighborhood where the median household income is less than \$30,000.¹⁹
- 12% of beneficiaries live in a neighborhood where 30% or more of the households live below the federal poverty level.²⁰
- Medicare Advantage beneficiaries are more likely than Traditional FFS Medicare beneficiaries to be fully dual-eligible for both Medicare and Medicaid (28.5% and 21.4%, respectively).²¹
- 51% of beneficiaries report high school as the highest level of education completed.²²
- Over half of all Medicare Advantage beneficiaries live on annual incomes of less than \$24,500.²³



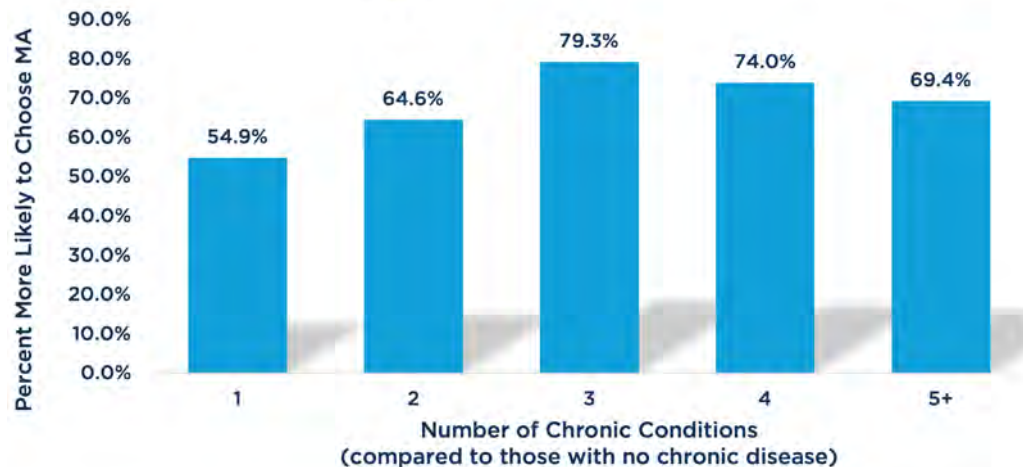
Source: [Positive Outcomes for High-Need, High-Cost Beneficiaries in Medicare Advantage Compared to Traditional Fee-For-Service Medicare](#), Better Medicare Alliance, December 2020.

Beneficiaries in Medicare Advantage also have a higher burden of illness than those in Traditional FFS Medicare.²⁴ Based on a recent analysis of nationally representative samples of the Medicare Advantage and Traditional FFS populations:

- Medicare Advantage has a higher rate of beneficiaries who originally enrolled in Medicare due to disability (35.9% compared to 22.0% in Traditional FFS Medicare).²⁵
- Medicare Advantage beneficiaries have a 16.4% higher rate of alcohol, drug, or substance abuse.²⁶
- Serious mental illness is 57.4% higher among Medicare Advantage beneficiaries compared to Traditional FFS Medicare beneficiaries.²⁷

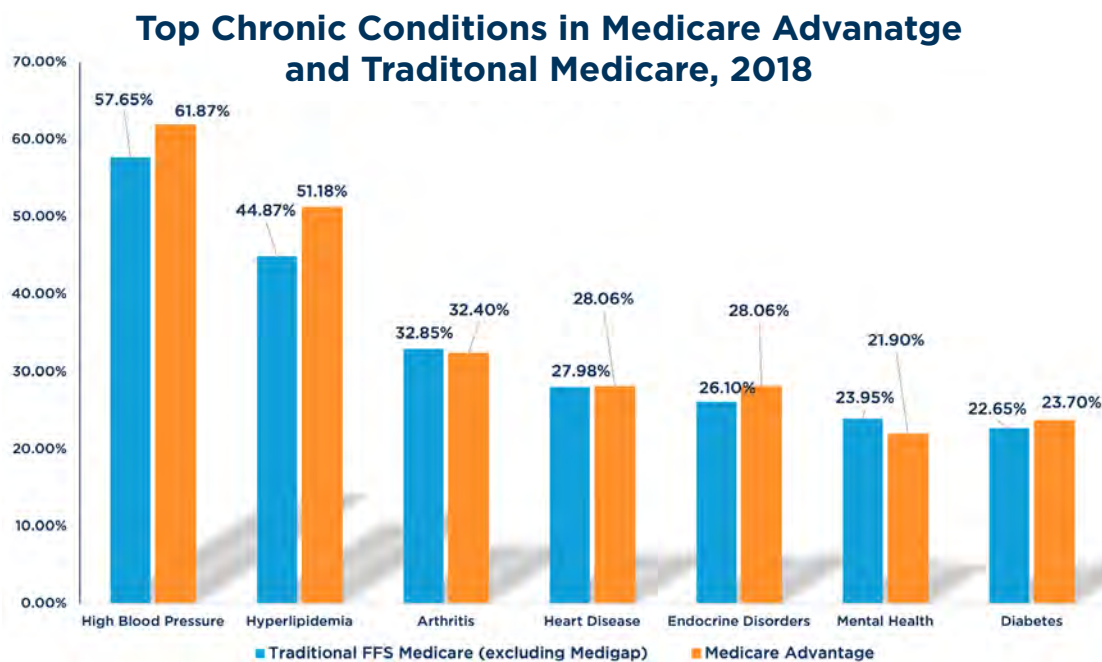
Beneficiaries with chronic conditions are also more likely to choose Medicare Advantage over Traditional FFS Medicare, and as the number of chronic conditions increases, the likeliness of choosing Medicare Advantage also increases. Medicare Advantage may be attractive to chronically ill patients due to the availability of additional benefits, lower cost sharing, and more coordinated care.

Likelihood of Beneficiary with Chronic Conditions Choosing Medicare Advantage Relative to Traditional FFS Medicare



Source: [Beneficiaries with Chronic Conditions More Likely to Actively Choose Medicare Advantage](#). Better Medicare Alliance, September 2018.

While beneficiaries in Medicare Advantage and Traditional FFS Medicare shared the same top seven chronic conditions in 2018, more beneficiaries in Medicare Advantage had high blood pressure, hyperlipidemia, heart disease, endocrine disorders, and diabetes.



Source: [Beneficiaries with Chronic Conditions More Likely to Actively Choose Medicare Advantage](#). Better Medicare Alliance, September 2018.

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**Comparing
Demographics**



**Positive
Outcomes**



**Chronic
Conditions**



**Social Risk
Factors**

Seniors Find Affordable Coverage in Medicare Advantage

Medicare Advantage is an affordable option for beneficiaries, especially for lower income beneficiaries, and provides critical cost protections, including annual out-of-pocket limits and more savings to beneficiaries relative to Traditional FFS Medicare. On average, Medicare Advantage beneficiaries spend less on out-of-pocket costs and premiums than Traditional FFS Medicare beneficiaries.

- CMS reports the Medicare Advantage average monthly premiums is \$21 in 2021, which is \$2.63 less than 2020. This represents an average monthly premium decrease of 34.2% since 2017, and the lowest average premium since 2007. CMS also announced the average Part D premium in 2021 is \$30.50, a 12% decline from 2017.²⁸
- Medicare Advantage beneficiaries spend about \$1,477 less on prescription drug coverage than Traditional FFS Medicare beneficiaries.²⁹
- Medicare Advantage beneficiaries report lower average annual individual spending (out-of-pocket cost sharing plus premium costs), with cost savings of \$1,640 and result in a 40% lower rate of cost burden.³⁰
- The out-of-pocket costs associated with inpatient facility stays is more than seven times higher for beneficiaries in Traditional FFS Medicare than those in Medicare Advantage (\$126 versus \$15 respectively).³¹

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**Medicare Advantage Outperforms
Traditional Medicare on Cost Protections
for Low- and Modest-Income Populations**
DATA BRIEF

Medicare Advantage Offers Additional Benefits

Medicare Advantage plans may offer supplemental benefits to beneficiaries, with no extra cost to the beneficiary. The supplemental benefits offered in Medicare Advantage are not available in Traditional FFS Medicare. Beneficiaries in Traditional Medicare may purchase additional coverage known as Medigap to cover gaps in coverage. Beneficiaries in Medicare Advantage do not need Medigap and are not allowed to purchase this supplemental coverage.

The number of Medicare Advantage plans offering vision, dental, and hearing benefits, which are not covered in Traditional FFS Medicare, has increased over the years, with almost all health plans now offering extra benefits. Many of these plans are also zero-dollar premium plans, meaning beneficiaries pay no additional cost to enroll in plans that cover all Medicare benefits, as well as the care management and extra benefits offered by Medicare Advantage plans.

- About 90% of Medicare Advantage plans offer benefits such as wellness, dental, vision, or hearing coverage and over two-thirds of plans cover all four benefits.³⁸
- 79% of Medicare Advantage enrollees are in plans that provide vision benefits.³⁹
- 72% of Medicare Advantage enrollees are in plans that provide hearing benefits.⁴⁰
- 74% of Medicare Advantage enrollees are in plans that provide dental benefits.⁴¹

Vision benefits are the most commonly offered supplemental benefit, with an additional 625 vision benefits offered in Contract Year 2021 than in Contract Year 2020.⁴² In 2021, over 94 percent of Medicare Advantage plans will also offer additional telehealth benefits, reaching 20.7 million beneficiaries.⁴³



Medicare Advantage Addresses Social Determinants of Health

Recent legislative and regulatory changes provide Medicare Advantage the flexibility to offer additional non-medical services to chronically ill beneficiaries and address social determinants of health through supplemental benefits.

Social determinants of health (SDOH) are defined as complex, integrated, and overlapping social and economic risk factors that impact health outcomes and health status. These risk factors are increasingly recognized as significant contributors to health outcomes. The Bipartisan Budget Act of 2018 allowed Medicare Advantage plans to expand supplemental benefits to address SDOH for certain beneficiaries who are chronically ill. The expanded benefits are known as Special Supplemental Benefits for the Chronically Ill (SSBCI), and plans began offering them in 2020. Through SSBCI, Medicare Advantage provides certain non-medical services that can be expected to improve a chronically ill beneficiary's overall health. This change provides Medicare Advantage the flexibility to integrate medical and non-medical services and address SDOH with dollars saved by care management and improved utilization of other benefits.⁴⁴

The number and type of benefits have grown rapidly in just over 2 years since SSBCI went into effect. In 2021, 730 Medicare Advantage plans are offering supplemental benefits like adult day health services and home-based palliative care under an expanded definition of primarily health related supplemental benefits. Nine-hundred twenty Medicare Advantage plans offer non-primarily health related supplemental benefits such as pest control, meal home delivery, home cleaning services, and non-medical transportation for beneficiaries with chronic conditions to help them manage their disease.⁴⁵

SSBCI Benefits by Plan Count and Enrollment, 2021

BENEFIT	CY 2020 PLANS	CY 2021 PLANS	CY 2021 COVERED** (1,000 LIVES)	BENEFIT	CY 2020 PLANS	CY 2021 PLANS	CY 2021 COVERED** (1,000 LIVES)
Meals (beyond a limited basis)	71	371	1,514	Prescription pickup and door drop	0	46	107
Food and produce	101	347	1,905	Virtual visit	0	46	107
Social needs benefit	34	211	897	Structural home modifications	44	42	92
Pest control	118	208	1,435	Pet care services	0	18	44
Transportation for non-medical needs	88	177	989	Independence and safe mobility with AAA	0	8	5
General supports for living***	67	150	867	Thorough house cleaning	0	7	41
Indoor air quality equipment / services	52	140	738	Data plan	0	2	<1
Services supporting self-direction	20	96	555	Healthy foods	0	1	13
Service dog support	51	80	579	Complementary therapies	1	0	0
Grocery shopping and door drop	0	76	133	Total	245	815****	3,196

* Numbers exclude EGWPs, Cost plans, MSA plans, Part B Only plans, and MMPs; 4,836 total plans in CY 2021

** Estimated number of members enrolled in plans offering this benefit, eligible member counts unavailable

*** Previously classified as transitional/temporary supports

**** Plans based on inclusion in 13i and 13i-O tables

Source: [Overview of Medicare Advantage Supplemental Benefits and Review of Contract Year 2021 Offerings](#). Milliman, February 2021.

While there are limitations on the specific conditions and services that may be offered, more health plans are adding benefits targeting SDOH and innovating care delivery to improve health outcomes for chronically ill beneficiaries, many of whom are the most high-risk, high-need, and high-cost beneficiaries in Medicare.

Addressing Health Disparities and Improving Health Equity in Medicare Advantage

Medicare Advantage serves a higher proportion of minority beneficiaries and those with social risk factors than Traditional FFS Medicare. Beneficiaries in minority communities and those with lower incomes are disproportionately affected by chronic disease and have poorer health outcomes. Medicare Advantage is in a unique position to leverage available tools in the effort to close the gap on long-standing health and racial disparities and accelerate the drive to health equity.⁴⁶

Unlike Traditional FFS Medicare, Medicare Advantage focuses on primary care, offering primary care teams and care management to provide targeted support to beneficiaries with chronic diseases. In addition, health plans can now offer additional services to address social risk factors for individuals suffering from chronic conditions through SSBCI, which may help reduce health disparities.

As America's senior population becomes increasingly diverse, the importance of addressing health disparities is magnified. Medicare Advantage's success in building trust with a diverse population of beneficiaries, delivering personalized coordinated care, and reaching out to beneficiaries in minority communities offers opportunities to meet the challenges disproportionately faced by minority beneficiaries and the communities in which they live.

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**Supplemental
Benefits**



**Social Determinants
of Health**



Health Disparities



Medicare Advantage Leads in High-Value Care

Medicare Advantage is paid on a capitated basis, driving the movement from volume-based, fragmented care to value-based, integrated care and provides beneficiaries access to high-quality care that results in improved health outcomes.

High-value care is accomplished in Medicare Advantage through financing mechanisms that enhance benefits, use care management tools and data analytics, and dynamic payment arrangements, such as value-based payment arrangements with providers, and innovations in care delivery. Value-based payment arrangements in Medicare Advantage are contracts between health plans and provider groups that align goals to focus on care teams, prevention, and care coordination for those with chronic conditions. These arrangements facilitate the identification of high-risk, high-need patients to offer the right care, with the right provider to improve outcomes.

Medicare Advantage beneficiaries in value-based payment arrangements have higher rates of wellness visits (36.1 percent) compared to Medicare Advantage beneficiaries not in value-based care (28 percent). Additionally, beneficiaries enrolled in Medicare Advantage plans participating in value-based payment arrangements have higher rates of preventive screenings, including high-need, high-cost beneficiaries. Also, beneficiaries in Medicare Advantage, including those who have complex chronic conditions, experience the following improved outcomes:

- Beneficiaries in Medicare Advantage had 9% more breast cancer screenings.⁵⁴
- Screening rates for colorectal cancer, osteoporosis, and glycemic control were higher for those in Medicare Advantage value-based programs.⁵⁵
- Medicare Advantage vaccination rates in high-need, high-cost beneficiaries are as much as 52% higher than Traditional FFS Medicare vaccination rates.⁵⁶
- Compared to Traditional FFS Medicare, high-need, high-cost Medicare Advantage beneficiaries have 5% higher rates of low-density lipoprotein (LDL) testing and 13% higher rates of breast cancer screenings.⁵⁷

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**Care
Management**



**Better outcomes
for beneficiaries
with chronic
conditions**

Medicare Advantage Offers High-Quality Care to Seniors

Quality in Medicare Advantage is measured by a 5-Star Quality Ratings System, which provides public accountability and incentivizes high performance on outcome measures set by the federal government. The annual Star Ratings System includes both clinical and consumer satisfaction measures.

The Star Rating System in Medicare Advantage plays a critical role in promoting quality, ensuring public accountability, and giving beneficiaries the tools to choose high-quality plans. Star Ratings evaluate Medicare Advantage plans on a 1-5 scale, with a 5-Star rating being the highest quality. Performance is based on 44 measures ranging from managing chronic conditions to member experience, and all focus on improving quality of care. A recent study found Medicare Advantage plans operating within three diverse states provided substantially higher quality of care than Traditional FFS Medicare in all 16 clinical quality measures examined.⁵⁹

In 2020, the average Star Rating for all Medicare Advantage plans with prescription drug coverage was 4.06 out of 5 stars, increasing from 4.02 in 2017.⁶⁰ Most Medicare Advantage beneficiaries are in high-quality plans, and ***in 2021, approximately 77 percent of beneficiaries are projected to be in MA-PD plans rated 4 stars or higher***, compared to 69 percent in 2017.⁶¹

Together, the high-value and high-quality care delivered in Medicare Advantage leads to better health outcomes among beneficiaries compared to beneficiaries in Traditional FFS Medicare.

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**Medicare
Advantage Quality:
Star Rating System**

Seniors in Medicare Advantage Have Better Health Outcomes

Evidence shows Medicare Advantage provides better clinical outcomes, including those enrolled in SNPs.

In general, Medicare Advantage beneficiaries experience more efficient use of health care resources and lower rates of hospitalization, comparable to or better than those in Traditional FFS Medicare. Recent research findings show:

- Beneficiaries with major complex chronic conditions in Medicare Advantage experienced 11% fewer inpatient hospitalizations stays.⁶²
- Medicare Advantage beneficiaries experienced 33% fewer emergency room visits than in Traditional FFS Medicare.⁶³
- Medicare Advantage beneficiaries had nearly 29% fewer potentially avoidable hospitalizations when compared to Traditional FFS Medicare beneficiaries.⁶⁴
- Medicare Advantage beneficiaries had 41% fewer avoidable acute hospitalizations than Traditional FFS Medicare beneficiaries.⁶⁵
- Medicare Advantage beneficiaries had 18% fewer avoidable chronic hospitalizations than Traditional FFS Medicare beneficiaries.⁶⁶
- 21% more Medicare Advantage beneficiaries received a physician visit within 14 days of discharge compared to Traditional FFS Medicare beneficiaries.⁶⁷
- For high-need and high-cost Medicare Advantage beneficiaries, long-term acute care hospital status was zero to 44% lower compared to similar Traditional FFS Medicare beneficiaries.⁶⁸

Medicare Advantage beneficiaries are also more likely to receive a flu vaccine each year compared to Traditional FFS Medicare beneficiaries. On average, beneficiaries enrolled in Traditional FFS Medicare had an 8 percent higher rate than beneficiaries in Medicare Advantage in foregoing, or not receiving, an annual flu vaccine.⁶⁹

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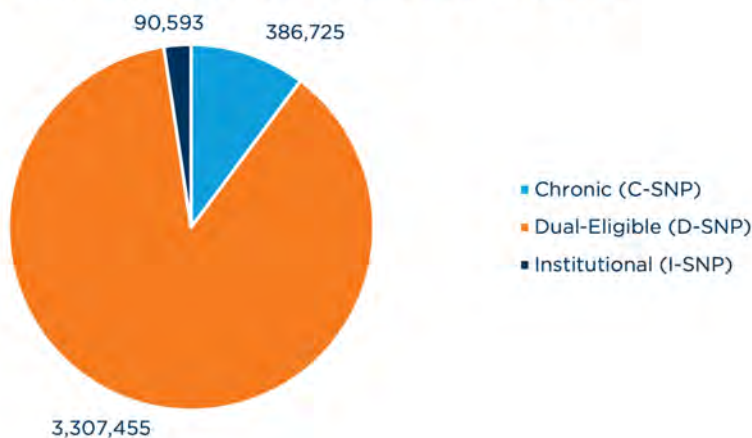
Positive Outcomes for High-Need, High-Cost Beneficiaries in Medicare Advantage Compared to Traditional Fee-For-Service Medicare Report

Special Needs Plans in Medicare Advantage

Once enrolled in Medicare Advantage, eligible beneficiaries may enroll in one of three types of SNPs: those for individuals with chronic conditions, those who are dually eligible for Medicare and Medicaid, and those who are eligible for institutional care. These plans are required to develop and implement personalized care plans to address the enrollee's special needs. Both the number of SNPs offered and enrollment in SNPs have grown over time. SNPs have also shown improved outcomes for beneficiaries.

¹CMS currently defines 15 chronic conditions for which Chronic Condition SNPs (C-SNPs) can restrict enrollment. Qualifying conditions can be found at <https://www.cms.gov/Medicare/Health-Plans/SpecialNeedsPlans/C-SNPs>.

SNP Enrollment by Type of Plan, 2021



Source: [CMS Monthly Special Needs Plan Data](#), January 2021.

The federal government and states are increasingly relying on Dual-eligible Special Needs Plans (D-SNPs) to provide integrated care for individuals dually eligible for Medicare and Medicaid. D-SNPs are required to have contracts with the states they operate in, which define the level of coordination as well as other requirements above and those required by CMS. Recent literature finds that D-SNPs have the potential to improve care management of dually eligible individuals and address the administrative challenges associated with navigating two programs.⁷⁰

One study found that D-SNP beneficiaries had 14 percent fewer hospitalizations and almost 25 percent fewer readmissions than dually eligible beneficiaries in Traditional FFS Medicare.⁷¹ The same study, in an evaluation of another D-SNP, found that D-SNP beneficiaries had greater access to preventative health services, 43 percent fewer hospital days, and a 9 percent lower rate of emergency room utilization compared to dually eligible Traditional FFS Medicare beneficiaries.⁷²

Chronic Condition Special Needs Plans (C-SNPs) provide tailored benefits and programs to individuals with one of 15 chronic conditions. A recent study of a diabetes-focused C-SNP found that these beneficiaries are 22 percent more likely to have a primary care visit, 38 percent less likely to have an inpatient hospital admission, 6 percent more likely to fill and refill their anti-diabetic medications, and 10 percent more likely to receive diabetes-specific testing than beneficiaries enrolled in non-SNP plans.⁷³

Institutional Special Needs Plans (I-SNPs) provide targeted care to individuals residing in nursing facilities or those residing in the community by receiving a nursing-facility level of care. A study that looked at I-SNPs found that managed care models with clinicians on-site in conjunction with the plan being financially responsible for nursing homes and medical care helps prevent hospital transfers. Compared to Traditional FFS Medicare beneficiaries residing in long-term care nursing homes, Medicare Advantage beneficiaries in I-SNPs had 51 percent lower Emergency Department utilization, 38 percent fewer hospitalizations, and 45 percent fewer readmissions.⁷⁴

Medicare Advantage is an Effective Steward of Public Dollars

While spending on Traditional FFS Medicare and Medicare Advantage is essentially equivalent, Medicare Advantage demonstrates better clinical outcomes compared to Traditional FFS Medicare among similar beneficiary populations.⁴⁷

In 2021, Medicare Advantage plans submitted bids (the amount they expect to spend on inpatient and outpatient services per enrolled beneficiary) that averaged 87 percent of Traditional FFS Medicare benchmarks (the amount Traditional FFS Medicare expects to spend per beneficiary), which is a record low and down from 88 percent of Traditional FFS Medicare in 2020. Ninety-one percent of Medicare Advantage beneficiaries are enrolled in plans which bid lower than Traditional FFS Medicare benchmarks.⁴⁸

The difference between the bid and the benchmark is partially rebated to health plans to spend directly on beneficiaries, resulting in low or zero-dollar premiums and extra benefits for beneficiaries. Last year, the average monthly premium for a MA-PD plan was \$25, marking a continued decline in average premiums.⁴⁹ The decline in premiums for MA-PD plans has not only saved money for the beneficiary, but also the government.

Average Monthly Medicare Advantage Prescription Drug Plan Premiums, Weighted by Plan Enrollment, 2010-2020

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**Payment Parity
Fact Sheet**

NOTE: Includes only Medicare Advantage plans that offer Part D benefits (MA-PDs) because they comprise of Medicare Advantage plans. Excludes SNPs, employer-sponsored group plans, HCPs, PACE plans, and plans for special populations. The total includes cost plans and PFFS plans (not shown separately), as well as plans with zero premiums. The premiums for a subset of sanctioned plans were not available in 2011, and were excluded from this analysis.

Source: KFF analysis of CMS Medicare Advantage Landscape and Enrollment Files, 2010-2020.

Source: [A Dozen Facts About Medicare Advantage in 2020](#). Kaiser Family Foundation, January 2021.

Over the last three years Medicare Advantage has saved taxpayers nearly \$6 billion in the form of lower Medicare premium subsidies.⁵⁰ Beneficiaries have saved nearly \$3.4 billion in Medicare Advantage and Part D premium costs since 2017.⁵¹

Medicare Advantage Plans Spend Resources Differently Than Traditional FFS Medicare.

Medicare Advantage has shown reduction in avoidable hospitalizations and emergency visits, as well as post-acute care, allowing the savings to be used for primary care and outpatient services.⁵² In addition, research has demonstrated that when Medicare Advantage is prevalent in a health care market, it can positively influence how providers deliver care to all patients, not just Medicare Advantage beneficiaries. Medicare Advantage has both decreased costs and improved quality outcomes for beneficiaries in Traditional FFS Medicare, a phenomenon known as positive spillover.⁵³

High Satisfaction from Medicare Advantage Seniors and Providers

Medicare Advantage has high favorability with beneficiaries and providers and has received increasingly strong bipartisan support in Congress.

Medicare Advantage is successful because policymakers, health plans, providers and beneficiaries recognize the value achieved by a fully integrated care delivery system. Medicare Advantage beneficiaries report very high levels of satisfaction:

- 98% are satisfied with their Medicare Advantage coverage.
- 97% are satisfied with their network of physicians, hospitals, and specialists.
- Minority beneficiaries give their health coverage a 99% satisfaction rating.⁷⁵

Providers increasingly recognize the value of Medicare Advantage and partner closely with Medicare Advantage for the program's comprehensive coordinated care model. In 2016, 58 percent of new Medicare Advantage organizations entering the market were provider-sponsored with 70 provider-sponsored parent organizations offering 403 Medicare Advantage plans in 41 states.⁷⁶ Health Care Payment Learning & Action Network conducts an annual survey measuring the progress made in alternative payment models, and the survey conducted in 2019 found 53.6 percent of Medicare Advantage payments to providers were spent on shared savings, shared-risk, condition-specific population-based payment, and integrated finance and delivery systems.⁷⁷ Health plans are increasingly encouraging risk-based payment arrangements, with one large national plan reporting 67 percent of their provider contracts are risk-based contracts.⁷⁸

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Congressional Support

Medicare Advantage has shown strong bipartisan support among members of Congress.

- **402 Members of Congress**, the highest number ever, sent bipartisan companion letters to the Administration expressing strong support for Medicare Advantage in 2020. This is nearly a 10 percent increase from the 368 co-signers in 2019.
- **90 congressional districts** have at least 50 percent Medicare Advantage enrollment, an increase from 64 districts in the previous year.
- **The top 10 congressional districts** are nearly evenly split in being represented by Democrats and Republicans.
- **Penetration in the top 10 states**, ranging from Hawaii to Maine, continues to increase, and 18 states are above the national average of 42 percent for Medicare Advantage penetration.

States with Medicare Advantage Penetration Above the National Average:



Florida
48.71%



Hawaii
47.58%



Oregon
47.07%



Michigan
45.94%



Alabama
45.59%



Connecticut
45.03%



Pennsylvania
44.22%



California
43.65%



New York
43.5%



Maine
43.16%



Georgia
43.08%



Ohio
42.94%



Arizona
42.71%



Tennessee
42.57%



Wisconsin
42.31%



Rhode Island
42.26%



Colorado
42.21%



Minnesota
42.18%

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