

# Medicare Advantage: The facts

- The American Medical Association (AMA) supports providing people with choices so that they can pick the health insurance plan that best meets their needs. We also support injecting more competition into Medicare to help strengthen its financial sustainability.
- Medicare Advantage (MA) does not make Medicare more competitive, however. Because of the enormous subsidies that the government provides to these plans, the government is actually projecting that Medicare spending will increase more rapidly as MA enrollment grows than if everyone stayed in the regular fee-for-service (FFS) program. The statistics on payment rates show the magnitude of the problem:
  - > MA plans are paid an average of 112 percent of FFS costs in the communities they serve
  - > MA Private Fee-for-Service (PFFS) plans are paid an average 119 percent of FFS costs
  - > The subsidy is worth \$922 per MA enrollee, and eliminating it saves \$54 billion over five years
  - > The Medicare Payment Advisory Commission (MedPAC) estimates that all Medicare patients, not just those enrolled in MA, pay \$2 per month more in Part B premiums due to the MA subsidy
  - > **The Congressional Budget Office reports that 21 percent of MA spending goes to plans that are paid from 120 percent to greater than 150 percent of FFS costs**
- Many physicians see both MA patients and FFS patients, but they have many more patients who are in Medicare FFS. After all, more than 80 percent of seniors are still in the regular Medicare program. If Congress does not take action to provide Medicare physician payment updates that keep up with cost increases, the physicians upon whom seniors rely will not be able to sustain their practices, reducing access for all patients, not just those on Medicare.
- The AMA conducted a survey of 2,202 physicians about their experience with MA. Of the surveyed physicians who have treated patients covered by MA plans like HMOs and PPOs:
  - > Half indicated that they have received payments that are below the Medicare FFS rate
  - > Three out of five reported excessive hold times and/or excessive documentation requests
  - > **Contrary to the widely reported claim that they provide more benefits to patients, half have experienced denial of services typically covered in the traditional Medicare plan.**
- There are widespread reports of abuses and deceptive marketing by agents trying to enroll seniors in MA plans. The National Association of Insurance Commissioners recently reported that 39 out of 41 states received complaints about misrepresentations by insurance agents or companies in marketing Medicare-related products.
- Retaining this subsidy means that Congress would be severely challenged to find the funds needed to avert the physician pay cuts. In a recent AMA survey of 8,955 physicians about Medicare pay cuts, only 17 percent said the MA subsidy should continue. Most of the remaining respondents said the subsidy would be better spent on preventing physician pay cuts and/or helping all low-income patients with their out-of-pocket costs, not just those in MA plans.
- The AMA supports financial neutrality between regular Medicare and Medicare Advantage plans. The AMA concurs with MedPAC that “the Medicare program should pay the same amount, adjusting for the risk status of each beneficiary, regardless of which Medicare option a beneficiary chooses.”

