

Advantage: Patients

By Leslie V. Norwalk
The Wall Street Journal
July 25, 2007

A decade ago Congress and President Bill Clinton created a new program within Medicare that allowed patients in the system to receive care through privately administered health insurance. In 2003, as part of the new Medicare prescription drug benefit, that insurance became known as Medicare Advantage.

Some critics of privately run care have never been happy with the program and now, judging by a series of hearings held recently on Capitol Hill, they are finding an outlet in Washington. The goal seems to be to turn public sentiment against it.

The main criticism brought up at the hearings has been this: Medicare Advantage "overpays" private insurance plans for the same or fewer benefits to other Medicare beneficiaries. The implication is that Medicare Advantage sponsors line their pockets with federal funds and beneficiaries are duped into signing up for the program.

This is an incendiary charge and one that the evidence disproves. In fact, payments at current levels are critical to providing needed health-care benefits for millions of elderly, rural and disabled Medicare beneficiaries who depend on this program.

A combination of competitive bidding and federal incentives makes it possible to provide care at lower cost to beneficiaries. Private plans that successfully bid to be part of the Medicare Advantage are required by law to use the savings they create to cut costs for patients, including reducing premiums, and paying for additional covered services not available in the basic Medicare program.

These aren't lavish subsidies – they pay for real benefits for real people. And they are especially important for people who have incomes higher than typically allowed under Medicaid, but not high enough to afford a "Medigap" policy – insurance that pays for what Medicare doesn't.

A higher proportion of Medicare Advantage enrollees (57%) are low-income (between \$10,000 and \$30,000 a year) than those who are in the traditional program. A higher percentage of Medicare Advantage participants are minorities (27%) than those in the Medicare (20%). And the average beneficiary in a Medicare Advantage plan gets additional benefits of \$86 per month, including lower cost-sharing on hospital stays and physician visits, lower Part D premiums (prescription drug), coverage for vision, dental and hearing services, and care management services such as 24-hour nurse advice lines.

Medicare Advantage plans have also taken a lead in developing case management programs for chronic diseases and integrating them into their overall approach to care. In contrast, basic

Medicare does not give health-care providers an incentive to coordinate patient care after a specific treatment has run its course.

So it's no surprise that 95% of people with a Medicare Advantage plan report "no problem" or "a small problem" getting the care they need. They are more likely to get preventive care – immunizations, cancer screening and diabetes management.

The vast majority of Medicare Advantage patients – 80% – are enrolled in coordinated-care plans, such as Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs). There's no better way to coordinate care for chronically-ill Medicare beneficiaries. Medicare spends over two-thirds of its budget on less than one-fourth of beneficiaries who have five or more chronic conditions. They have an average of 13 physician visits and fill 50 prescriptions a year. Medicare Advantage helps manage these costs.

The program is not perfect. We have stepped up oversight on one type of plan, private fee-for-service. We've increased supervision of marketing activities, deploying "secret shoppers" and investigating violations of our rules. We are holding insurance plans responsible for the actions of their independent agents.

But to date, with 8.6 million beneficiaries enrolled in Medicare Advantage and other private plans, we have received only a little more than 2,700 complaints about independent brokers and agents. While one complaint is one too many, this is a very small proportion given the number of people in the program.

Medicare Advantage plans are often a better alternative to basic Medicare, especially for the many beneficiaries who have a chronic disease or who don't have a lot of income. We can't afford to take away affordable health-care coverage for people in need, and we can't afford to step back from a long-range investment in better health-care delivery.

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