

The Future of Medicare (Advantage)

March 31, 2017

The Future of Medicare Advantage

The Health Industry Forum

Tricia Neuman, Sc.D.

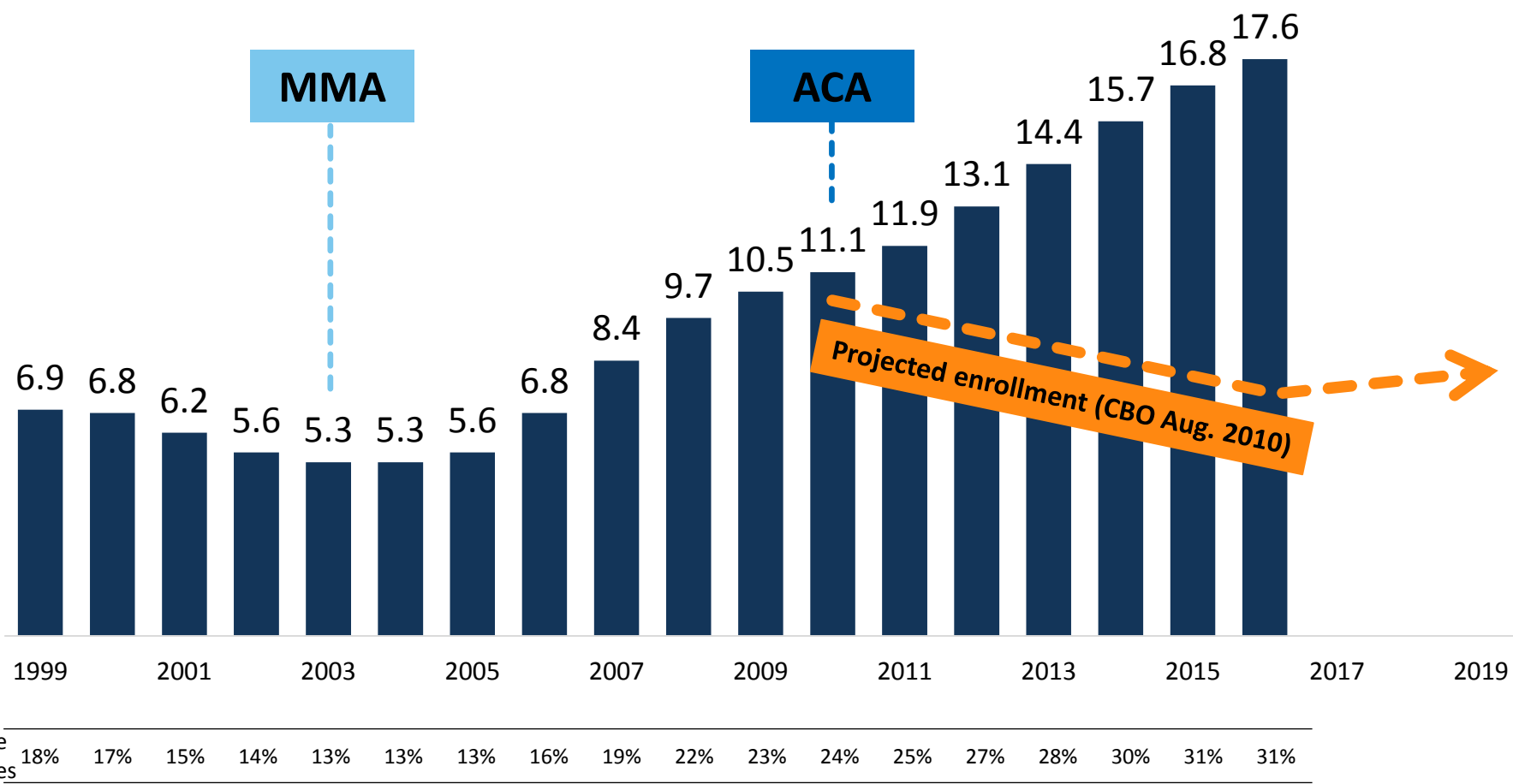
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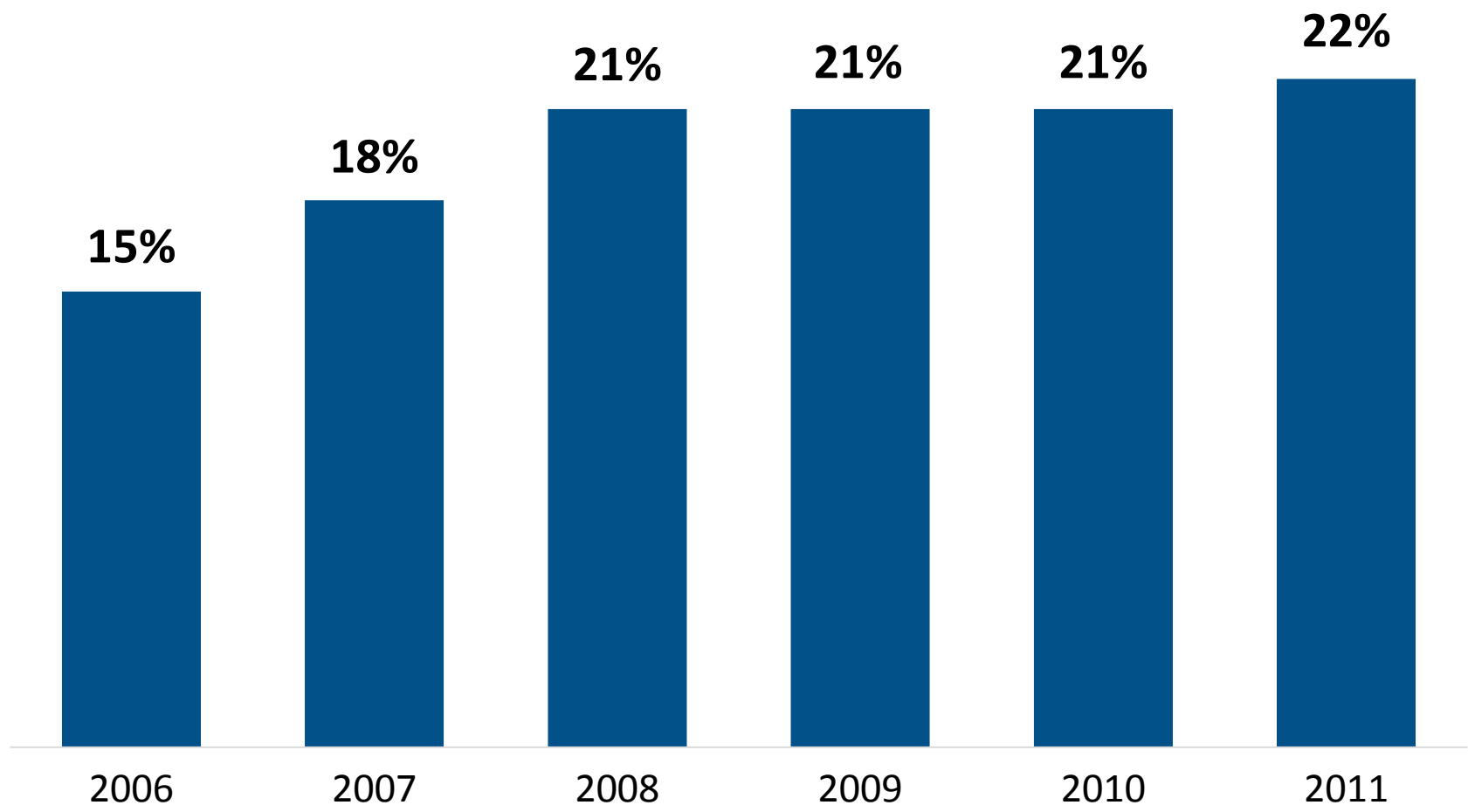
Medicare Advantage enrollment has been steadily increasing, even after ACA payment reductions

In millions:



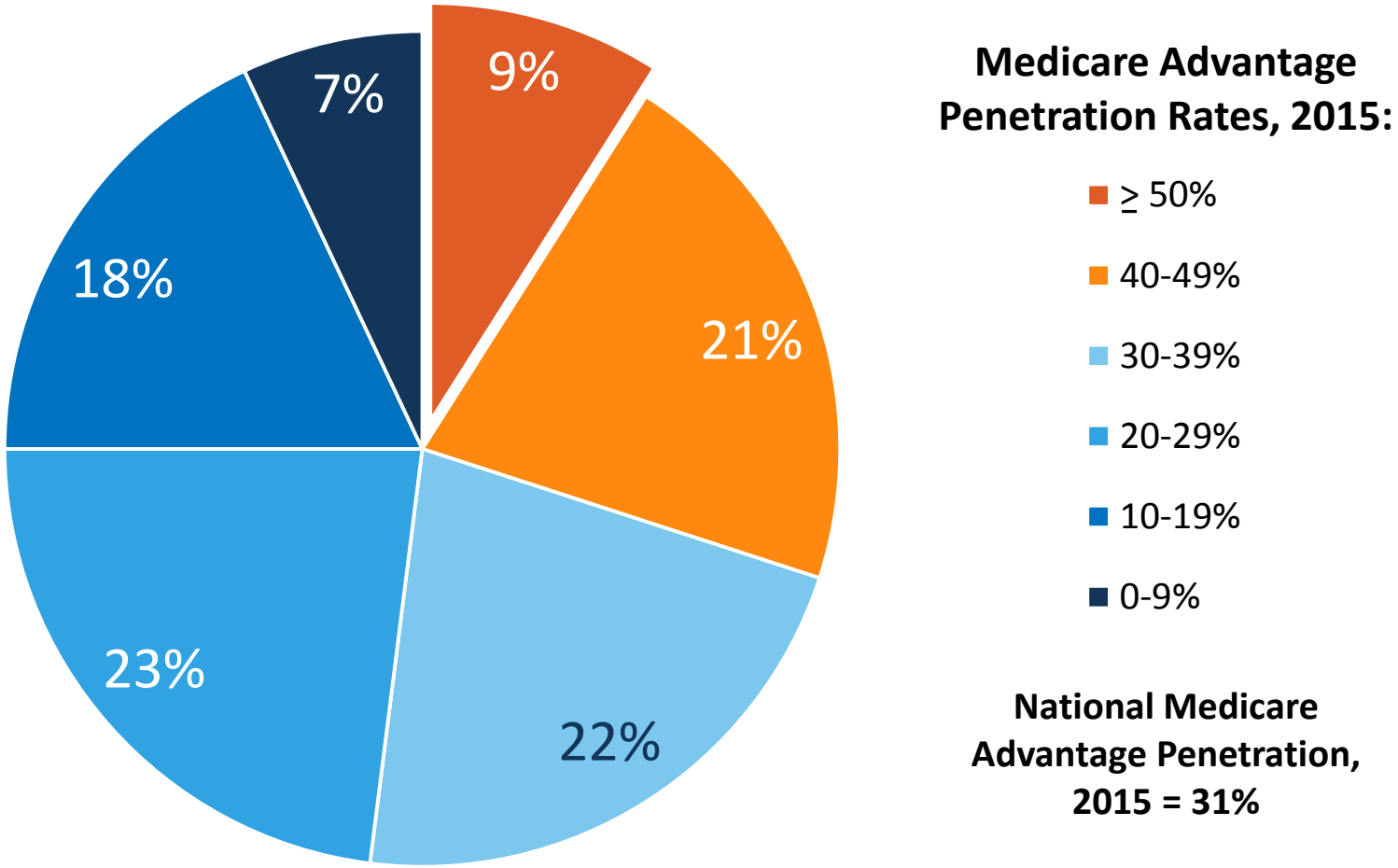
SOURCE: KFF analysis of CMS Medicare Advantage enrollment files, 2008-2016, and MPR, "Tracking Medicare Health and Prescription Drug Plans Monthly Report," 1995-2007. Projected enrollment: CBO, "Medicare Baseline," August 2010.

A growing share of new Medicare beneficiaries are choosing Medicare Advantage



SOURCE: Kaiser Family Foundation analysis in *Health Affairs*, "At Least Half of New Medicare Advantage Enrollees Had Switched From Traditional Medicare During 2006-11," January 2015.

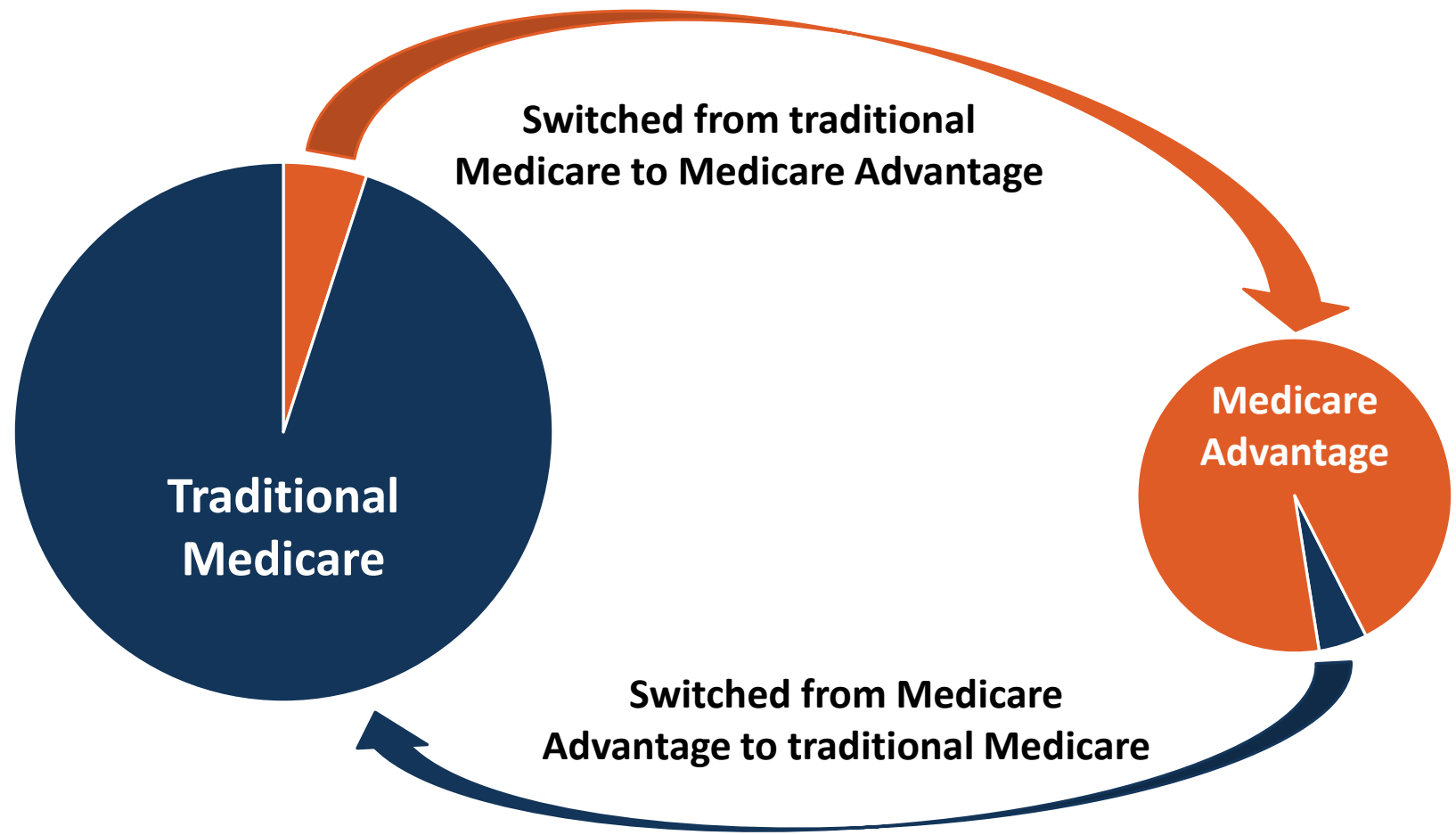
Nearly one-third of Medicare beneficiaries live in counties where at least 40% are enrolled in Medicare Advantage plans



Medicare Beneficiaries

SOURCE: Kaiser Family Foundation, "Medicare Advantage and Traditional Medicare: Is the Balance Tipping?" October 2015.

Less than 5% of traditional Medicare beneficiaries switch to Medicare Advantage each year, and vice versa



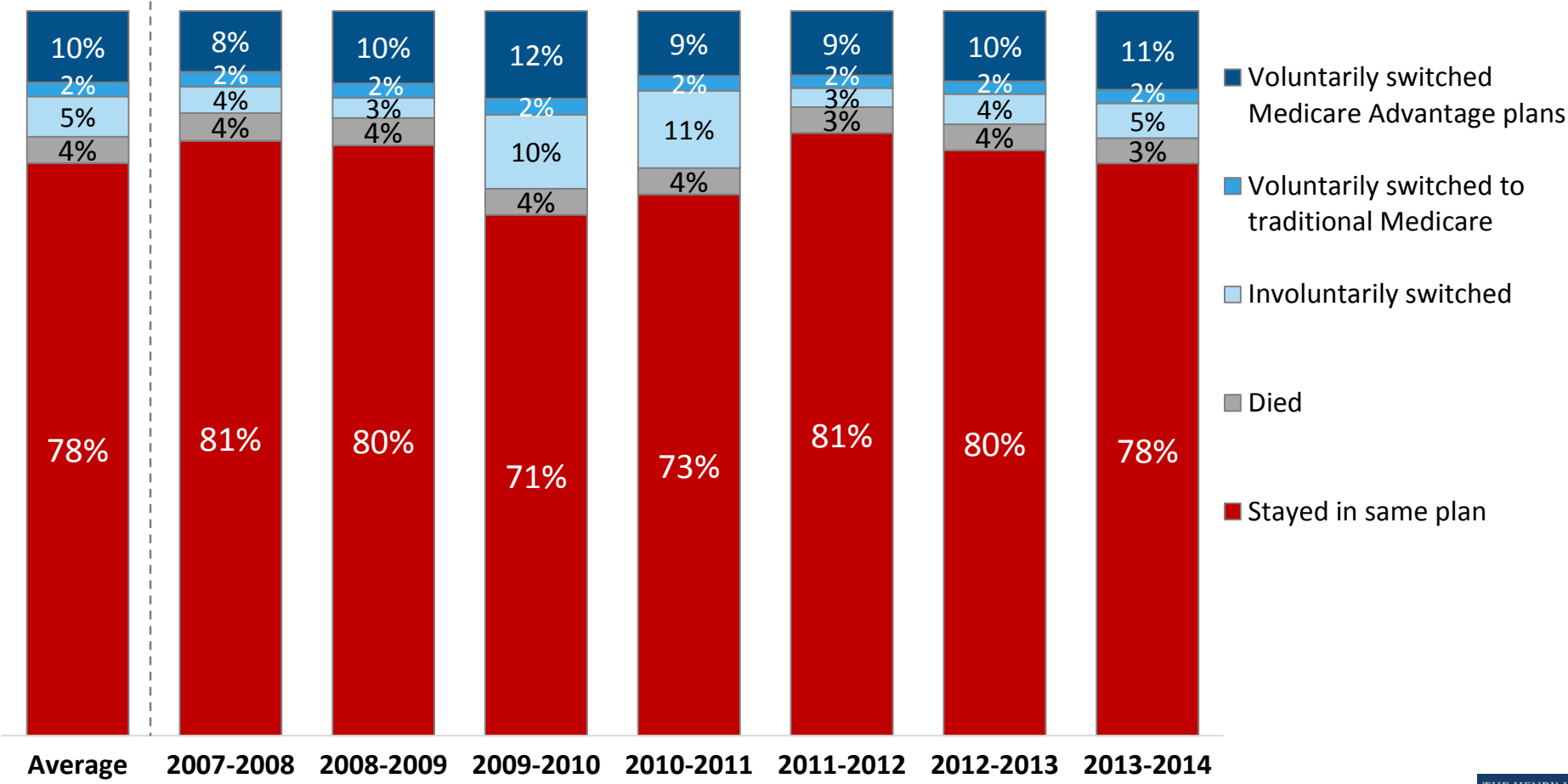
Traditional Medicare Enrollment (2010-2011): 33.9 million

Medicare Advantage Enrollment (2010-2011): 12.6 million

SOURCE: Kaiser Family Foundation analysis in *Health Affairs*, "At Least Half of New Medicare Advantage Enrollees Had Switched From Traditional Medicare During 2006-11," January 2015.

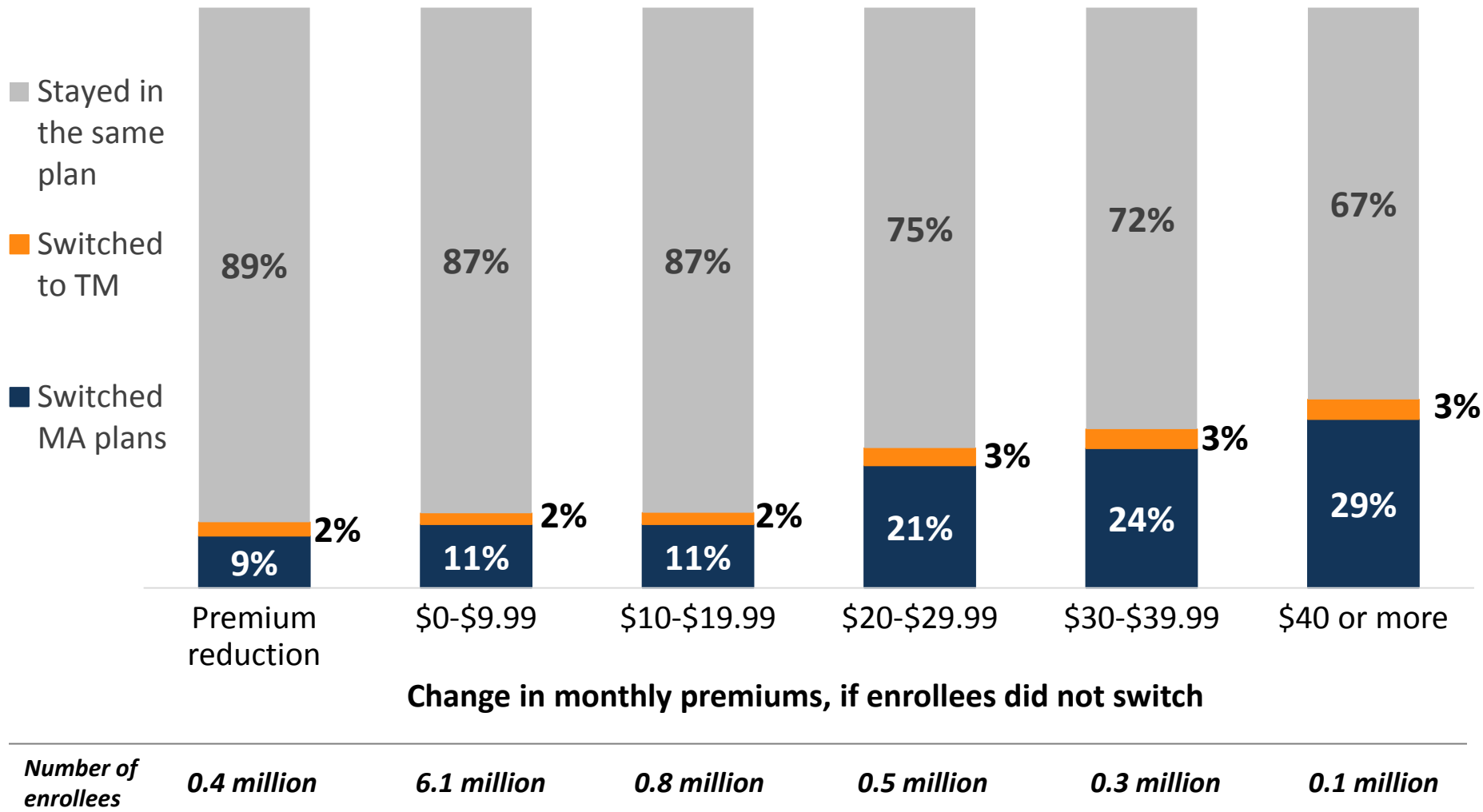
The vast majority of Medicare Advantage enrollees do not change plans in a given year

Distribution of Medicare Advantage Enrollees, by Switching Status, 2007-2014:



SOURCE: Kaiser Family Foundation, "Medicare Advantage Plan Switching: Exception or Norm?" September 2016.

As premium rise, more Medicare Advantage enrollees switch to another Advantage plan, but not to traditional Medicare



SOURCE: Kaiser Family Foundation analysis of a 5% sample of claims from the Chronic Conditions Data Warehouse, 2013-2014.

Meet my friend Craig*

- Happily enrolled in a Medicare Advantage plan at age 65
- Two years later, after a biking accident, Craig was sent to the ER where doctors discovered a hard-to-reach tumor
- Craig's Medicare Advantage plan had a surgeon who could remove the tumor, but the surgeon had performed this type of surgery only once before
- At his wife's "urging," Craig found a more experienced surgeon, but his plan would not approve the out-of-network provider
- Craig felt more comfortable with the experienced surgeon, so wanted to switch to traditional Medicare where networks were not of concern
- But, felt he couldn't; he was denied Medigap because of his pre-existing condition, and felt too financially exposed without an out-of-pocket limit



*Not his photo

Why are Medicare beneficiaries “sticky”? In their own words...

“Because I feel that I did my homework to the hilt initially, that should remain good for me. If it is up and pricey, that’s ok.”

“There are days when I...think about possibly making a change...I’ve reached the age of 78 and I’m saying to myself, ‘I’m too goddamn tired to investigate this.’”



“I think the older you get, the more resistant you are to change in general...I wouldn’t want to keep going from one plan to another.”

“At our age, as we get older, we learned that the grass is not really greener on the other side...”

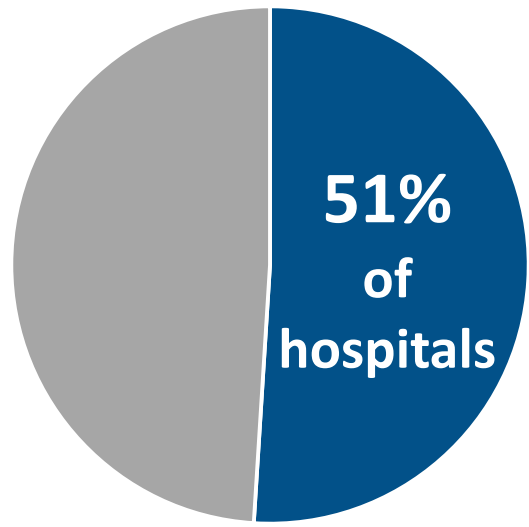
Medicare Advantage vs Traditional Medicare

| | Medicare Advantage | Traditional Medicare |
|-------------------------------|----------------------------------|--|
| Default Initial Enrollment | No | Yes |
| General Satisfaction | Yes | Yes |
| Out-of-Pocket Limit | Yes | No* |
| Additional Premiums | \$37/month (MA-PD avg., 2016) | ~\$200/month (Medigap) \$38.57/month (PDP avg., 2016) |
| Extra Benefits | Some | No* |
| One-Stop Plan Shopping | Yes | No |
| Potential for Care Management | More? | Less? |
| Provider Network | Varies | Broad |

* Unless beneficiary has supplemental insurance

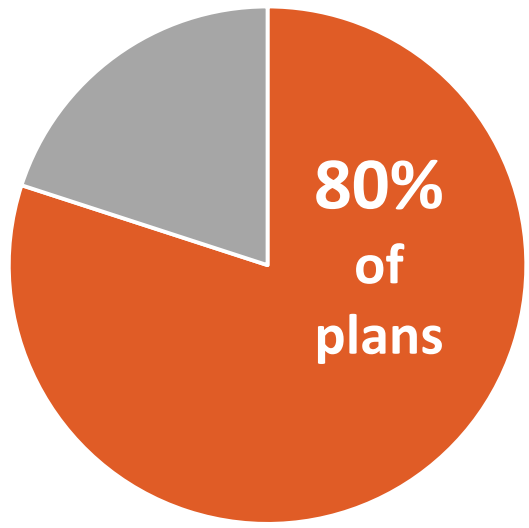
Hospital networks vary across Medicare Advantage plans

Share of Hospitals Included in Network



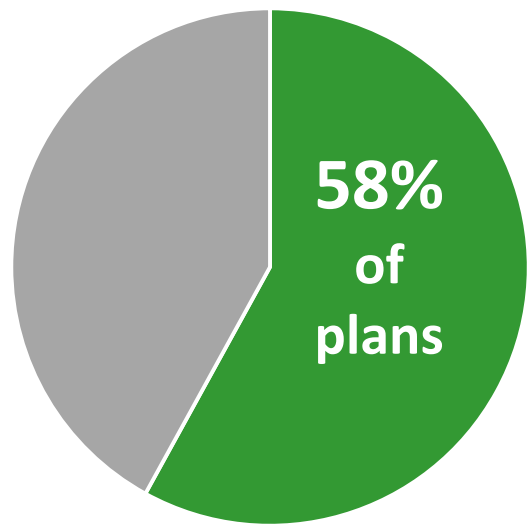
- Medicare Advantage plan networks include about half of all hospitals in their county, on average

Academic Medical Center in Network



- Most (80%) Medicare Advantage plans included an Academic Medical Center in their network

NCI Cancer Center in Network



- More than half (58%) of plans in counties with an NCI-designated cancer center definitely/possibly included that center in their networks

SOURCE: Kaiser Family Foundation, "Medicare Advantage Hospital Networks: How Much Do They Vary?" June 2016.

Provider network information is not searchable on Medicare.gov; it's available but challenging to use

SPREADSHEETS

| County | City | Hospital |
|-------------|----------|--|
| Los Angeles | Arcadia | Methodist Hospital of Southern California |
| Los Angeles | Covina | Citrus Valley Medical Ctr/Inter-Community Campus |
| Los Angeles | El Monte | Greater El Monte Community Hospital |
| Los Angeles | Glendale | Glendale Adventist Medical Center |
| Los Angeles | Glendale | Glendale Memorial Hospital/Health Center |
| Los Angeles | Glendale | USC Verdugo Hills Hospital |
| Los Angeles | Glendora | Foothill Presbyterian Hospital |
| Los Angeles | Lakewood | Lakewood Regional Medical Center |

ONLINE SEARCHES

Find a Doctor Search Criteria - Google Chrome

<https://www.anthem.com/health-insurance/provider-directory/searchcriteria?&brand>

Shop For Insurance | Health & Wellness | Resources

Find a Doctor [Encontrar un doctor](#)

I want to search this plan/network:
Blue Cross Senior Secure Plan I (HMO) [Change plan](#)

I'm looking for a: Whose name is: (optional)

Who specializes in:

[Show specialty details](#)

Located near: Within a distance of:

[Show more options](#)

PDFs

2015 Provider DIRECTORY

AARP® MedicareComplete® SecureHorizons® Essential (HMO)
 AARP® MedicareComplete® SecureHorizons® Plan 1 (HMO)
 AARP® MedicareComplete® SecureHorizons® Plan 2 (HMO)
 AARP® MedicareComplete® SecureHorizons® Plan 3 (HMO)

CALIFORNIA
 Los Angeles County

For more information, please contact UnitedHealthcare Customer Service at
Toll-Free 1-800-950-9355, TTY 711
 8 a.m. to 8 p.m. local time, 7 days a week

Provider directories are not infrequently out-of-date, missing basic information and inaccurate

Los Angeles_Care1st Health Plan_Metropolitan Region_H5928.pdf - Adobe Acrobat Pro

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HOSPITALS

LOS ANGELES COUNTY HOSPITALS

| | | |
|--|--|---|
| LAKESIDE | LOS ANGELES | PACIFIC ALLIANCE MEDICAL CENTER |
| LAKWOOD | LOS ANGELES | PACIFIC ALLIANCE MEDICAL CENTER |
| LAKWOOD REGIONAL MEDICAL CENTER | CALIFORNIA HOSPITAL MEDICAL CENTER | 531 W College St Los Angeles, 91755 (213) 624-8411 |
| 3700 E South St Lakewood, 91755 (562) 531-2550 | 1401 S Grand Ave Los Angeles, 91755 (213) 748-2411 | SILVER LAKE MEDICAL CENTER |
| LANCASTER | EAST LOS ANGELES DOCTORS HOSPITAL | 1711 W Temple St Los Angeles, 91755 (213) 989-6100 |
| ANTELOPE VALLEY HOSPITAL | 4060 E Whittier Blvd Los Angeles, 91755 (323) 268-5514 | ST VINCENT MEDICAL CENTER |
| 1600 W Ave J Lancaster, 91755 (661) 949-5000 | GOOD SAMARITAN HOSPITAL | 2131 W 3Rd St Los Angeles, 91755 (213) 484-7111 |
| LONG BEACH | 1225 Wilshire Blvd Los Angeles, 91755 | TEMPLE COMMUNITY HOSPITAL |
| COVINA | 235 N Hoover St Los Angeles, 91755 (213) 382-7252 | USC KENNETH NORRIS CANCER HOSPITAL |
| 2777 E. 17th St Covina, CA 91724 (626) 951-1000 | USC UNIVERSITY HOSPITAL KECK HOSPITAL | 1441 Eastlake Ave Los Angeles, 91755 (323) 865-3108 |
| LOS ANGELES | 1500 San Pablo St Los Angeles, 91755 (323) 442-8500 | WHITE MEMORIAL MEDICAL CENTER |
| 2800 W. 12th St Los Angeles, CA 90007 (562) 433-1000 | WHITE MEMORIAL MEDICAL CENTER | 1720 E Cesar E Chavez Ave Los Angeles, 91755 (323) 260-5711 |
| STANFORD | OLYMPIA MEDICAL CENTER | |
| 10300 E. 1st St Los Angeles, CA 90002 (562) 433-1000 | 5900 W Olympic Blvd Los Angeles, 91755 (310) 657-5900 | |
| LOS ALAMITOS | LOS ALAMITOS MEDICAL CENTER | |
| | 3751 Katella Ave Los Alamitos, 91755 (562) 598-1311 | |

HOSPITAL CLOSED IN 2014

For more information, please call Customer Service at 1-800-544-0088, (for the hearing impaired, 711). Customer Service Hours: 8 a.m. to 8 p.m., seven days a week from October 1 through February 14, except Thanksgiving and Christmas, and 8 a.m. to 8 p.m. Monday through Friday from February 15 through September 30, except holidays.

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Access IPA (MH85)

BRAND NEW DAY AFFILIATED HOSPITALS

LOS ANGELES COUNTY

- Alhambra Hospital
- Antelope Valley Hospital
- Avanti Hospitals - East Los Angeles Doctors Hospital
- Avanti Hospitals - East Los Angeles Plaza
- Avanti Hospitals - Memorial Hospital Gardena
- Avanti Hospital Memorial Huntington
- Bellflower Center
- Beverly Hills Hospital As DBA Beverly
- Brotman Medical Center
- Centinela Hospital Medical Center
- Citrus Valley Medical Center
- Citrus Valley Medical Center - Queen Of The Valley Campus
- College Medical Center
- Community Hospital Of Long Beach
- Doctors Hospital West Covina
- Easy Valley Medical Center
- Encino Hospital Medical Center
- Foothill Presbyterian Hospital
- Garfield Medical Center
- Glendale Adventist Medical Center
- Glendale Memorial Medical Center
- Hi Desert Medical Center
- Hollywood Community Hospital / Alta Hollywood Hospitals
- Lakewood Regional Medical Center
- Long Beach Memorial
- Providence Hth System, So Ca DBA Providence Holy Cross Medical Center
- San Antonio Community Hospital
- San Dimas Community Memorial Hospital
- Sherman Oaks Hospital
- Silverlake Medical Center
- St Mary Medical Center
- Temple Community

PHYSICIANS

Los Angeles County

Alhambra

Family Practice

Nguyen, Van T MD
Provider # VANG4
600 W Main St, #104
Alhambra, CA 91801
(626) 284-3284

Internal Medicine

Chan, Michelle MD
Provider # 617
320 W Valley Blvd
Alhambra, CA 91803
(626) 943-0780

Chan, Robert W MD
Provider # 619
1234 S Garfield Ave #103
Alhambra, CA 91801
(626) 576-7871

Lam, Eddie MD
Provider # SN36
333 S. Garfield Ave Ste #A
Alhambra, CA 91801
(626) 289-7333

El Monte

Family Medicine

Perez, Omar MD
Provider # OMPE
10728 E. Ramona Blvd. # A
El Monte, CA 91731
(626) 442-9430

Pediatrics

Chen, Crispina MD
10802 Ramona Blvd
El Monte, CA 91731
(818) 443-8918

NO HOSPITAL ADDRESSES INCLUDED

Providers by Group



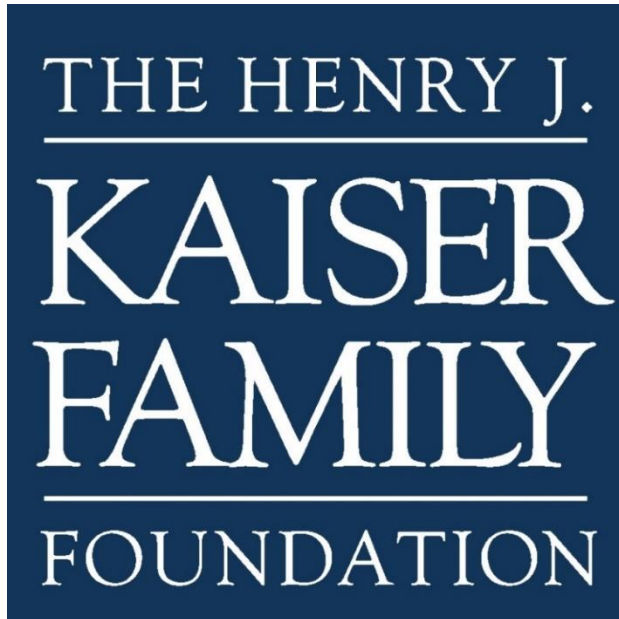
Still more to learn...

- **Costs:** Variations in cost-sharing for Medicare-covered services, other than the very basics, like out-of-pocket limits or drug deductibles (both have been increasing)
- **Benefits:** Scope of extra benefits offered and provided, which clearly helps to attract new enrollment (e.g., dental)
- **Care Management:** Better information now available, but not so much on how plans are managing care for high-need, really sick patients
- **Networks:** Accurate information regarding provider networks to facilitate plan choices (for beneficiaries) and analysis (for researchers)

A few concluding thoughts

- **Absent a significant change in policy, Medicare Advantage is here to stay, and will likely grow in numbers and as a share of the Medicare population**
 - Bipartisan support
 - Favorable payment environment
 - Appeal to beneficiaries (low premiums, catastrophic protection, extra benefits, one-stop shopping)
 - In many states, beneficiaries are essentially locked into Medicare Advantage because they cannot purchase Medigap (no guarantee issue)
- **The impact of proposals whose success depends on seniors actively and annually engaging in health insurance choices is unclear**
- **As the role of Medicare Advantage grows, and becomes more firmly entrenched, it seems useful think about the implications for traditional Medicare – and why that may matter**

Medicare Resources on KFF.org



- ✓ At Least Half of New Medicare Advantage Enrollees Had Switched From Traditional Medicare During 2006-11 (in *Health Affairs*)
- ✓ Medicare Advantage and Traditional Medicare: Is the Balance Tipping?
- ✓ How are Seniors Choosing and Changing Health Insurance Plans?
- ✓ Medicare Advantage Hospital Networks: How Much Do They Vary?"
- ✓ Medicare Advantage Plan Switching: Exception or Norm?
- ✓ Medicare Advantage Plans in 2017: Short-term Outlook is Stable
- ✓ Medicare Advantage 2016 Spotlight: Enrollment Market Update

For more information, visit kff.org/medicare