

Pros and Cons of Medicare Advantage Plans

Happy New Year! Will you turn 65 in 2023? For people becoming Medicare eligible for the first time, making choices regarding healthcare moving forward can feel overwhelming. To receive comprehensive coverage, for most people, there are two main buckets to choose from: Enroll in Medicare Parts A&B and add a Medigap and Prescription Drug Plan (along with their premiums) to make up for what Medicare does not cover, or enroll in A&B and then switch to a Medicare Advantage plan. As of last year, over 45% of Medicare beneficiaries chose a Medicare Advantage plan, and expectations are that number will rise to more than 50% by 2025. So what are some of the pros and cons of Advantage plans?

First for the pros: Advantage plans offer simplicity. Both medical and prescription drugs are covered under the same plan. Sticking with original Medicare requires the purchase of a Supplement/Medigap plan plus an additional PDP plan in order to get comprehensive coverage. Beneficiaries continue to pay the Medicare Part B premium, \$164.90 for most in 2023, either way.

Medicare Advantage plans are typically low or \$0 premium plans, so they appear less expensive. Additionally, unlike original Medicare, Advantage plans max out-of-pocket expenses. In 2023, excluding prescriptions, HMO plans in our area max out between \$3500-4900 in network. You'll pay more if you have a PPO plan and use out-of-network providers. A Medigap and PDP plan added to traditional Medicare includes an additional monthly premium for each. With a Medigap (also called a Supplement) plan, after monthly premiums are paid there is generally very little additional cost, depending on the plan chosen.

Advantage plans often offer benefits that traditional Medicare cannot offer. Limited vision, dental, and/or hearing benefits are often included in Advantage plans as well as additional perks like gym memberships, transportation, or over-the-counter benefits that vary from plan to plan. Medigap plans do not offer these perks or services at all.

On the downside, most Advantage plans are HMO plans, and pre-authorizations may be required for many procedures and some prescription drugs. So your doctor may recommend more care, but the plan can limit what it approves. This doesn't happen with traditional Medicare, supplemented or not.

Patients with higher needs or chronic conditions are often inclined to stick with traditional Medicare as they generally have better access to the best hospitals and cancer centers. Advantage plan members are half as likely to use the highest-rated cancer centers for complex surgeries than similar patients in their zip code. Over 90% of physicians nationwide accept traditional Medicare, though fewer and fewer are accepting new Medicare patients. This will likely continue to decline as reimbursement rates paid by Medicare to physicians are set to reduce even further this year while Advantage plans are being given more funding by the federal government.

Making the right decisions when you're ready to enroll in Medicare will depend on your personal circumstances. Give us a call if we can help!