



**Puget
Sound
Advocates For
Retirement
Action**

Level the Playing Field Between Medicare and Medicare Advantage

Background:

- The insurance industry expends enormous amounts of money to advertise Medicare Advantage (MA) to beneficiaries because it is immensely profitable.
- MA policies such as prior authorization, delays, and denials of care ensure that insurers make more money but are well documented to cause harm and even death among patients.
- MA plans divert public taxes into the pockets of shareholders and CEOs, instead of using them for health care. Insurance companies gain the upper hand over Traditional Medicare (TM) in many ways - including via PR campaigns, lobbying, and by using the revolving door between the Center for Medicare and Medicaid Services (CMS) and the private sector (the health insurance industry and private equity).

The problem - beneficiaries are virtually forced to choose MA plans and can then be trapped in MA:

- TM is significantly more expensive and more complex for the beneficiaries than MA plans. TM requires purchase of both a supplemental plan (Medigap) to cover the 20% "gap" and a prescription drug plan (Part D); additionally, it does not cover most dental, vision, and hearing.
- MA is simpler and costs less up front – but the "cost" comes later when MA beneficiaries encounter limited provider and hospital networks and treatment delays/denials, sometimes with disastrous consequences.
- MA enrollees can get "trapped" in their plans. Once MA patients experience problems with delay, denial, and limited networks, it is often too late to make a change because the current rules create barriers for those who switch from MA to TM and want to acquire a Medigap plan.

The solution is to level the playing field by:

1. adding benefits to TM, including vision, dental, and hearing
2. eliminating the 20% co-pays in TM, and capping out-of-pocket expenses
3. paying for TM improvements by eliminating excessive administrative costs and profits in private insurance plans; and returning funds to the Medicare Trust Fund that were lost to fraud and abuse by insurance companies.

Arguments in favor of leveling the playing field:

- Cost is the primary factor pushing beneficiaries into MA plans, with the percentage of beneficiaries choosing MA growing rapidly, for the first time becoming a slight majority. Leveling the playing field between TM and MA would give everyone a fair chance to benefit from the higher quality of care afforded by TM.
- Currently, beneficiaries with low incomes are virtually forced to choose MA because of its lower upfront costs and are therefore often locked into poorer health outcomes that result from limited networks and the inevitable delays and denials that are typical with MA plans.
- Leveling the playing field would provide equity for all Medicare beneficiaries. It would allow beneficiaries with low and modest incomes to actually choose the public TM option. It would also address a fundamental fairness issue since everyone who pays taxes is paying for benefits like vision, hearing, and dental that CMS allows only MA plans to offer.
- If the playing field is not leveled and MA is allowed to keep its "advantage," especially its lower cost, beneficiaries will continue to be forced to choose MA, thereby increasing opportunities for insurers offering MA plans to profit through ongoing and well documented fraud and abuse of the system.
- Ultimately, if TM remains hobbled by inequities, we risk losing TM entirely, as insurance companies continue to game the system and eventually capture the vast majority of Medicare beneficiaries. They will then squeeze the Medicare system while limiting health care options, taking Medicare from a public benefit to a private profit engine.