Published on *The National Law Review* https://natlawreview.com

What is a Medicare Advantage?

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According to the Henry K. Kaiser Foundation, 33% of all Medicare beneficiaries are enrolled in a Medicare Advantage Plan. https://www.kff.org/tag/medicare-advantage/. A previous blog post [https://www.natlawreview.com/article/health-care-issues-2020-election] authored by Frank Ciesla provides a summary of the different Medicare plans. This blog post will give you a sense of Medicare Advantage.

Medicare Part C Coverage is called “Medicare Advantage” or “MA”. The MA is an alternative to traditional Medicare. It is a *private health plan*, such as an HMO or PPO, which includes all Medicare-covered Part A and Part B benefits, except hospice services. MA Plans also may provide supplemental benefits, such as vision and dental care, podiatry, chiropractic services, and gym memberships. The Medicare Advantage Plan receive payments from the federal government to provide all Medicare-covered benefits to enrollees. For each person who chooses to enroll in a Part C Plan, Medicare pays the plan a set amount every month without regard to the actual number and nature of services used by the member (“capitation”). The organizations contracted to offer Medicare Advantage benefits must meet Medicare conditions of participation requirements and are required to report data to CMS on a variety of measures.

Before enrolling into a MA plan, the beneficiary must enroll in Medicare Parts A and B. Each MA plan can charge different out-of-pocket costs and can have different rules for how a recipient gets services, such as whether a recipient must have a referral to see a specialist or if the recipient has to go to doctors, facilities, or suppliers that belong to the plan for nonemergency or non-urgent care. Plans are required to use any additional payments to provide “supplemental benefits” to enrollees in the form of lower premiums, lower cost sharing, or benefits and services not covered by traditional Medicare. Supplemental benefits are interpreted by CMS as being items or services (1) not covered by traditional Medicare, (2) that are primarily health-related, and (3) for which the MA plan must incur a direct medical cost.

In April 2018, CMS issued a Call Letter (2019 Final Call Letter) which discusses a reinterpretation of the statute to expand the scope of the primarily health-related supplemental benefits standard. Under the new interpretation, CMS would allow supplemental benefits if they are used to diagnose, prevent, or treat an illness or injury, compensate for physical impairments, act to ameliorate the functional/psychological impact of injuries or health conditions, or reduce avoidable emergency and healthcare utilization. Supplemental benefits must be medically appropriate and recommended by a licensed provider as part of a care plan if not directly provided by one.

Starting in 2019, Medicare Advantage plans have the option to build in some supplemental benefits that fall into the realm of home and community-based long-term care. Some of the new long-term care options include adult day-care services, in-home assistance with custodial care or activities of daily living, respite care benefits for caregiver home safety modifications like bathroom grab bars, wheelchair ramps, and stair rails, non-emergency transportation services so that members can get to their doctor's appointments and in-home meal delivery. Before we get excited for Uber/Lyft or DoorDash we will need to wait and see whether these are covered services under MA plans that are offered in New Jersey.

2019 Call
Letter: https://www.cms.gov/MEDICARE/HEALTH-PLANS/MEDICAREADVTGSPECRATESTATS/DOWNLOADS/ANNOUNCEMENT2019.PDF.

2020 MA Fact Sheet: https://www.cms.gov/newsroom/fact-sheets/2020-medicare-advantage-and-part-d-rate-announcement-and-final-call-letter-fact-shee

National Law Review, Volume IX, Number 162