The Health Care Law: What it Means for People with Medicare Advantage Plans

The health care law changes how Medicare Advantage plans operate. If you have a Medicare Advantage plan, it is important to know how and when these changes might affect you.

You should use Medicare’s open enrollment as an opportunity to review all your Medicare choices to select a plan that works best for you. Open enrollment is available each year between October 15 and December 7.

When evaluating different plans, remember to consider:

Cost: What are the monthly premiums, the annual deductible and co-pays?

Coverage: What services are covered?

Quality: How does the plan rate on providing quality care?

Focus on quality and value

The law rewards Medicare Advantage plans that provide high quality care. The law also sets up new rules to make plans more cost-effective.

- The Centers for Medicare & Medicaid Services (CMS) has a rating system for Medicare Advantage plans. Plans that rate at least four out of five stars will receive bonus payments for providing better quality care. The bonuses begin in 2012. You can review your plan’s rating on Medicare’s website www.medicare.gov/find-a-plan.

- Plans must use some of the bonus money they receive for extra benefits and rebates to people participating in the plans. This means that higher quality plans may be able to offer you more services.

- Medicare Advantage plans cannot charge more than Original Medicare for certain services. These services include chemotherapy administration, kidney dialysis, and skilled nursing care.

- Starting 2014, Medicare Advantage plans must limit how much they spend each year on administrative costs. For each dollar you pay in premiums, Medicare Advantage plans may not spend more than 15 cents on administrative expenses.
Changes in how Medicare Advantage plans are paid

Currently, Medicare pays subsidies to the private companies that offer Medicare Advantage plans. This means that these plans cost the Medicare program more than Original Medicare.

In 2012 Medicare started to reduce these subsidies so payments will be more in line with Original Medicare. The changes in Medicare Advantage payments will save the Medicare program money. Some of the savings will be used to close the Medicare prescription drug coverage gap or doughnut hole and to provide more preventive care to people with Medicare.

What this could mean for your Medicare Advantage plan

- Plans will differ in how they respond to the lower subsidies. This will depend partly on the state and county where the plan is located and on how much in quality bonus money the plan receives.

- The lower subsidies could mean that some plans may drop extra services such as eyeglasses and gym memberships. Some plans may raise their premiums and co-payments. Others may even decide to leave the Medicare program.

How you will know about changes to your Medicare Advantage plan

Every year, even before the health care law, insurance companies that offered Medicare Advantage plans made decisions about what they would cover and what they would charge. Each insurance company will continue to make a business decision whether to change your benefit package and costs.

As in previous years, you will receive a notice from your Medicare Advantage plan in the Fall. It will tell you what changes, if any, will take place in your plan for the upcoming year. This is the time for you to review your options carefully and make the best choice to fit your needs.

- If you have questions about the notice, you can contact your Medicare Advantage plan directly. You can also call **1-800-Medicare (1-800-633-4227)** to speak with a representative about your options.

- You can also compare your options at Medicare Plan Finder: [www.medicare.gov/find-a-plan](http://www.medicare.gov/find-a-plan). This site shows which Medicare Advantage plans are offered in your area.

- If your plan is changed or dropped, you can switch to another available Medicare Advantage plan or to Original Medicare during Medicare’s open enrollment period.

Go to [www.aarp.org/healthlawguide](http://www.aarp.org/healthlawguide) for information about how the health law works for you and your family.