REFORMING MEDICARE

Option: Enroll All Beneficiaries Covered by Both Medicaid and Medicare in Managed Care

Approximately 9 million low-income older and disabled people are covered by both Medicaid (a federal-state program that provides assistance to low-income people) and Medicare. These people are referred to as “dual eligibles.” Because Medicare and Medicaid have different coverage rules and provider access, and dual eligibles are generally a less healthy population, there are higher costs and greater challenges in providing health care for this population. Proposals include requiring all low-income older people to enroll in a managed care plan, which means the care they receive would need to come from doctors and hospitals in the provider network for that managed care plan.

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Argument for:

Enrolling people with both Medicaid and Medicare coverage (duals) into managed care plans is a good idea because it will reduce confusion for beneficiaries about what is covered, improve the care they receive through better coordination among their many doctors and providers, and lower costs for the Medicare and Medicaid programs.

Currently, people with both Medicare and Medicaid receive their health care through two different programs, with different rules and different networks of doctors and providers. This can be confusing to consumers who may not know what each program covers and whether doctors, specialists, or dentists they want to see participate in the program. If duals were enrolled into a managed care plan that combined their Medicare and Medicaid benefits, they would need to deal only with the managed care plan and not two separate programs. This would reduce confusion and make it easier for consumers to understand what health care services they have access to and find doctors who are part of their plan.

Having access to doctors and providers that work for the same plan would improve care for the patient. Doctors can more easily talk to each other and better coordinate the care and treatment of the patient. This is particularly important for duals because this group of Medicare beneficiaries tends to be sicker and need more health care services. Patients whose care is well coordinated usually feel better cared for and generally report fewer complications and improved quality of life.

Enrolling beneficiaries into managed care also has the added benefit of reducing Medicare and Medicaid costs. Better management of care could reduce wasteful or unnecessary use of health services and could reduce medical complications that can lead
to more expensive care and treatment. By some estimates, these savings could amount to well over $100 billion for Medicare and Medicaid.

With these savings, some managed care plans may even be able to offer additional patient services and support, such as free dental services or access to nurse help telephone lines.

**Argument against:**

It is wrong to force low-income Medicare beneficiaries into managed care plans while those with higher incomes are allowed to keep their current doctors and other health care providers in the traditional Medicare program. If the rationale is to save money for the Medicare program, it is unlikely that mandatory managed care will produce these savings. If the rationale is to improve the coordination of care for sicker, lower-income beneficiaries—an important goal—then there are other options that could achieve the same result without having to force Medicare beneficiaries into a managed care plan.

Most managed care plans only allow their enrollees to see doctors who are part of their network. Duals who are required to enroll in a managed care plan would have to take the extra step of finding out whether their doctor is part of the plan’s network. Some beneficiaries may lose access to their current doctors and providers if those providers are not part of the managed care plan’s network, disrupting existing relationships and potentially leading to breaks in care.

The jury is still out on whether managed care will reduce costs. In fact, some studies even show that federal costs go up when Medicare beneficiaries are enrolled in managed care.

There are other ways to improve care and reduce costs for people with both Medicaid and Medicare that do not require enrollment into a managed care plan. For examples, some states allow beneficiaries to remain in traditional Medicare but pay a primary care physician an extra fee to coordinate and manage the patient’s care. These programs have demonstrated some success in improving care and reducing costs for individuals with Medicare and Medicaid. Such options—which do not require giving up one’s doctor—are better alternatives to mandatory enrollment into managed care.

*Avalere Health, LLC* is a leading advisory company focused on health care business strategy and public policy.