

## IV. Relationship to Medicare Advantage

*This section covers:*

- *Types of Medicare Advantage (MA) plans*
- *MA plans and Part D*

Medicare beneficiaries have the option of receiving their Medicare benefits through the Original Medicare program, also known as fee-for-service Medicare, or through a Medicare Advantage (MA) plan, sometimes called a Medicare Health Plan. Many MA plans offer added benefits, such as routine eye care, that are unavailable in Original Medicare. Their co-payments for many covered services are often less than Original Medicare's deductibles and coinsurance charges, and their monthly premiums typically are much lower than those for Medicare Supplement (Medigap) policies. For many people, these features make MA plans an attractive alternative to coverage through Original Medicare and a Medigap policy. Note, however, that federal law does not allow Medicare Supplement (Medigap) policies to cover the co-payments found in MA plans. People who enroll in MA plans should be prepared to cover these co-payments out-of-pocket.

Medicare beneficiaries may enroll in an MA plan under the following conditions:

- They must have both Medicare Part A and Part B
- They must live in the MA plan's service area
- They cannot have end-stage renal disease (ESRD) at the time they enroll
- If enrolling in a Special Needs Plan (SNP), they must meet the eligibility criteria for the SNP<sup>1</sup>

### A. Types of MA Plans

MA plans include a number of plan types. The most prevalent nationally are Medicare Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), and Private Fee-for-Service (PFFS) plans. The common thread among them is that they operate under Medicare Part C and receive a set payment from CMS to deliver Medicare-covered services for each beneficiary they enroll.

**Counseling Tip:**  
Enrolling in any Health Plan, such as an MA-PD, PFFS, HMO or PPO, may automatically disenroll a beneficiary from other existing coverage that he may have.

Medicare HMOs and PPOs are managed care systems. As such, they have internal rules to govern their coverage. Many MA plans have a network of participating providers, including physicians and hospitals, through which the enrollees must get their routine, non-emergency care. Many managed care plans require a physician's prior approval as a

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<sup>1</sup> Special Needs Plans (SNPs) are MA plans which are designed for specific subsets of the Medicare population. SNPs may limit enrollment to one of three Medicare beneficiary populations—institutionalized beneficiaries, full dual eligible Medicare beneficiaries (beneficiaries who have both Medicare and Medicaid), and beneficiaries diagnosed with certain chronic and disabling disease conditions.

condition of payment for certain services, including visits to specialists and high-cost diagnostic procedures. Furthermore, cost-sharing requirements for MA plans often differ significantly from those in Original Medicare. Despite these differences, Medicare rules require the MA plans to deliver all the benefits and services that beneficiaries would have in Original Medicare. But the MMA does not require all Medicare Advantage plans to offer Part D prescription drug coverage.

## **B. MA Plans and Part D**

Generally, Medicare beneficiaries who want drug coverage and the benefits of a Medicare Advantage plan must select an MA plan with Part D prescription drug coverage (MA-PD). An exception applies to beneficiaries who are enrolled in certain types of MA plans that do not offer drug coverage, including some PFFS plans and all Medical Savings Account (MSA) plans. The MMA permits people who are enrolled in a PFFS or MSA plan without Part D drug coverage, to enroll in a stand-alone Prescription Drug Plan (PDP) to receive prescription drug coverage.

**Counseling Tip:**  
MA-PDs are required to pay for emergency or urgent care provided outside of their network of providers.

**Counseling Tip:** It is important to remember the differences between Original Medicare and Medicare Advantage when working on the Internet with clients. The Medicare website has two different online search engines for Medicare plans. People can search for Medicare drug plans using the Medicare Prescription Drug Plan Finder (<http://www.medicare.gov/MPDPF/Public/Include/DataSection/Questions/SearchOptions.asp>), commonly called the “Plan Finder.” The Plan Finder allows users to limit their searches to PDPs, MA-PDs, or both. While the results of these searches are separated by category, it is critical to keep in mind the differences between Original Medicare and Medicare Advantage as you assist clients in the process of comparing and selecting a Medicare drug plan or health plan with drug coverage. The Medicare website also has a second search engine, called Medicare Options Compare (<http://www.medicare.gov/MPPF/Include/DataSection/Questions/SearchOptions.asp>), which allows users to search for Medigap policies or to compare MA and Original Medicare choices in their area.