

Committee on Ways and Means

Improvements in the Medicare Managed Care Program

Seniors See Lower Costs, More Benefits

- The Medicare Modernization Act (MMA) has brought significant benefits to seniors enrolled in managed care plans, such as health maintenance organizations, preferred provider organizations, and other plans contracting to provide care to Medicare seniors.
- These plans tend to disproportionately service low-income and minority beneficiaries who rely on the additional benefits that these plans provide.
- After years of minimal payment increases, plans have received significant additional support in 2004 and are using 95 percent of the increased funding to improve benefits and services for beneficiaries. The remaining 5 percent will be used for further benefit improvements in 2005.
- These funding improvements for Medicare Advantage (MA) plans had bipartisan support last year, and the additional payments to plans are already making a difference in the lives of millions of Medicare beneficiaries.
- Since March 2004, benefits have been improved for 3.7 million enrollees, premiums have decreased for 1.9 million enrollees, and 2 million enrollees have seen a decline in cost sharing. Some enrollees have benefited from more than one of these changes.
- On average, premiums for Medicare Advantage enrollees nationwide have declined by 26 percent.
- In addition, these new options are becoming available to a greater number of Medicare beneficiaries. Since the enactment of the MMA, Medicare Advantage organizations have expanded their service areas in 26 states. Additional expansions are expected in 2005.
- Individual plans have announced significant changes. For example:
 - Aetna has reduced premiums to zero in parts of Pennsylvania, New Jersey, and southern California; and
 - PacifiCare has eliminated a \$25/month premium and added brand name prescription drug coverage, along with hearing and vision coverage, in Dallas.
- Additional choices have provided tangible benefits that have lowered premiums, reduced cost sharing, and enhanced benefits for seniors.