

Medicare Advantage? Medicare Disadvantage would be a better name.

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Along with leaves changing color and the omnipresence of pumpkin spice comes the avalanche of ads, commercials and telephone calls, entreating us to believe that Medicare Advantage is the best thing since the invention of the Internet. With open enrollment season upon us, it's critical to examine that claim.

In traditional Medicare, the government pays doctors and hospitals directly. Recipients usually pay premiums and must meet deductibles, and many choose a supplemental "Medigap" plan to help with out-of-pocket costs.

Medicare Advantage was designed about 20 years ago as an alternative to traditional Medicare, meant to provide innovative ways of delivering care at lower cost. It pays insurers — middlemen — a monthly fee per patient to manage their care. Premiums are often lower than traditional Medicare, and can offer perks such as gym memberships or limited dental or vision care.

However, while traditional Medicare gives access to any participating provider, Medicare Advantage plans limit care to doctors and hospitals in their networks. They are also more likely to deny needed care by requiring prior authorizations for tests or procedures.

Earlier this year, the federal government reported that 13% of denials in Medicare Advantage would not have been refused under traditional Medicare. Medicare Advantage plans are also increasingly ending nursing home and rehabilitation care before providers consider patients ready to go home. While medical professionals make those decisions under traditional Medicare, in Medicare Advantage the insurer decides.

So instead of innovating care, Medicare Advantage seems to mainly withhold it. It has also proven to be costly. Because such plans get higher government payouts for sicker patients, insurers have an incentive to exaggerate the sickness of enrollees.

According to federal audits, 8 of 10 of the largest companies have submitted inflated bills, and 4 of 5 of the very largest have faced federal lawsuits accusing them of fraud. In 2020 alone, these exaggerated risk scores generated \$12 billion in excess payments. Because of this and other factors, the government actually spends 4% more for Medicare Advantage enrollees than those in traditional Medicare.

Despite all this, the low premiums and perks may still be attractive to seniors who are not (yet) sick. The situation often changes when they develop an illness. They may find that a specialist or hospital they wish to see is out of network. They may experience delays or denials of care due to administrative barriers. Their out-of-pocket costs will often be higher.

A little known fact about Medicare is that when patients are enrolled in Medicare Advantage for over 12 months but want to change to traditional Medicare, Medigap plans are no longer obligated to take them without underwriting, which involves passing a health screen. In other words, if you get cancer and want to go to a cancer center not covered by your Medicare Advantage plan, you may be stuck.

Surely this program should be called Medicare Disadvantage. When a middleman makes profits from “managing” your healthcare, they inevitably do so by limiting the care you get. Medicare recipients, beware! And as citizens and taxpayers, we should all demand that Congress take Medicare out of the hands of corporations, freeing billions of dollars in savings to deliver actual health care.

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