

PAYERS & GOVERNMENT HEALTH PROGRAMS

Medicare Advantage (Medicare Part C)

Medicare Part C plans, also known as Medicare Advantage, provide an alternative to traditional Medicare for beneficiaries. These plans are provided by Medicare-approved private insurers that cover all traditional Part A and Part B services, and frequently include extra benefits like dental, vision, and hearing coverage. Many Medicare Advantage plans also include Part D prescription drug coverage. Beneficiaries generally pay a monthly premium for these plans in addition to their Part B premium.

In 2024, 54% of Medicare beneficiaries enrolled in Medicare Advantage.^{1 2} With the passage of the Medicare Modernization Act of 2003, enrollment in Medicare Advantage has experienced steady growth and is projected to continue this trajectory.³ Generally, Medicare Advantage plans are HMOs (only in-network providers are covered) or PPOs (in-network are covered and out-of-network providers are covered at higher cost to the patient).

Medicare Advantage plans have limitations compared to traditional Medicare. Many have restricted provider access due to networks, managed care typically requires prior authorization for certain services and medical supplies, and most beneficiaries must get a referral for specialty care access.

Medicare Advantage is paid through a capitated, risk-based contract with the federal government with various adjustments and bonuses. Medicare Advantage plans (as well as Medicare Part D plans) are rated by the Centers for Medicare & Medicaid Services (CMS) using a five-star rating system based on over 40 quality measures. Factors for assessment include member experience, preventive care, chronic disease management, and transitions of care.⁴

References

- 1 Centers for Medicare & Medicaid Services. (2024). Medicare enrollment dashboard. Retrieved from: <https://data.cms.gov/tools/medicare-enrollment-dashboard>
- 2 Congressional Budget Office. (June 2024). Medicare baseline projections. Retrieved from: <https://www.cbo.gov/system/files/2024-06/51302-2024-06-medicare.pdf>
- 3 Freed, M., Fuglesten Biniek, J., Damico, A., & Neuman, T. (2024). Medicare Advantage in 2024: Enrollment update and key trends. Retrieved from <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2024-enrollment-update-and-key-trends/>
- 4 Centers for Medicare & Medicare Services. (2023). 2024 Medicare Advantage and Part D Star Ratings. Retrieved from: <https://www.cms.gov/newsroom/fact-sheets/2024-medicare-advantage-and-part-d-star-ratings>