



CALIFORNIA HEALTH ADVOCATES

Medicare Advantage (Part C): An Overview

Medicare Advantage is part of the Medicare program known as Medicare Part C. Medicare Advantage (MA) plans are an alternative to Original Medicare, which is fee-for-service. Medicare approves MA plans and pays private insurance companies to provide health services to beneficiaries who have enrolled in these plans. Joining an MA plan is optional.

To enroll in an MA plan, you must have both Medicare Part A **and** Part B. If you join an MA plan, you will receive Medicare-covered benefits through your plan. You are still on Medicare and still retain the full rights and protections as other Medicare beneficiaries.

Costs and Benefits

Most Medicare Advantage plans charge a monthly premium and may have extra benefits in addition to those provided in Original Medicare. You must continue to pay the Medicare Part B premium.

MA plans have different cost-sharing amounts than Original Medicare for the same benefits. For example, in Original Medicare, the beneficiary coinsurance for a doctor's visit is 20%, but an MA plan may charge a copayment instead. For instance, they may charge a \$10 copayment for a primary care visit and \$15 for a specialist visit. For certain services, namely kidney dialysis, chemotherapy and skilled nursing care, MA plans cannot charge more than the cost-sharing in Original Medicare.

Also, MA plans must establish a mandatory maximum out-of-pocket (MOOP) amount for all Medicare Parts A and B services. This maximum protects you, the beneficiary, from paying more than the MOOP amount. For example, if your plan has a MOOP amount of \$6,700, once you have spent \$6,700 in deductibles, coinsurance and copayments for Part A and Part B benefits,

the plan will then cover 100% of the Part A and Part B services you need the rest of the year. For 2016, Medicare set the mandatory MOOP at \$6,700, which means plans cannot have a higher MOOP amount, but they can have a lower MOOP amount.

Some MA plans offer Medicare prescription drug coverage (known as "MA-PD" plans), but other plans do not (known as "MA-only" plans). If you join an MA-PD plan, you do not need to join a separate stand-alone Medicare Part D plan. (For more information, see our fact sheet "Medicare Part D: An Overview.") If you join an MA-only plan, you may or may not be allowed to join a stand-alone Medicare Part D plan, depending on the type of MA plan you choose (see below).

Types of Plans

There are 4 types of Medicare Advantage plans offered in California in 2016:

1. Health Maintenance Organizations (HMOs)
2. Local Preferred Provider Organizations (PPOs)
3. Private Fee-for-Service plans (PFFS)
4. Special Needs Plans (SNPs)

If the type of MA plan you want is an HMO or PPO, you may not combine it with a stand-alone Medicare Part D plan; you must choose an HMO or PPO with a prescription drug benefit. However, if you choose a PFFS plan without a prescription drug benefit, you may combine it with a stand-alone Medicare Part D plan.

To find out which types of MA plans are available in your county, please contact your local Health Insurance Counseling and Advocacy Program (HICAP) at 1-800-434-0222.

Medicare HMOs

If you enroll in a Medicare HMO (*Health Maintenance Organization*), you are required to use doctors and facilities in the plan's network. You are asked to choose a primary care doctor who manages your health care needs. To see a specialist in your HMO network, you must usually get a referral from your primary care doctor (except for OB-GYN). This requirement is waived in such cases as emergency care and urgent care.

If you want to see a doctor outside the HMO network and you do not have a pre-approved referral, you are responsible for the cost. Most likely, neither the HMO plan nor Medicare will cover the cost.

Some HMOs offer a Point-of-Service (POS) option, which allows an enrollee to see doctors outside the HMO's network. However, HMOs usually charge for this option and may limit when you can use it.

HMOs are the most popular type of MA plan in California, but they are not available in every county. In 2016, HMOs are offered in 39 counties and 34 counties have more than one MA-HMO plan.

California's *HMO Guide for Seniors* is a resource about how managed care plans work. It includes lists and resources to help you get the most out of your plan. You can obtain a free copy at opa.ca.gov/Documents/OPAMaterials/SeniorGuide.pdf. It is also available in Spanish <http://www.opa.ca.gov/Documents/OPAMaterials/Spanish/Sr.%20HMO%20Guide-SpReducedSize.pdf>.

Medicare PPOs

Medicare PPOs (*Preferred Provider Organizations*), like the HMOs, have networks of providers. Unlike the HMOs, however, PPO members may see providers outside the network (also referred to as "out-of-network" providers). If you see providers outside the network, the plan still covers you but you pay higher cost-sharing

than if you see network providers. In a PPO, you do not generally need a referral to see a specialist or any out-of-network provider. In 2016, local PPO plans are available in 5 counties in California. All the local PPO plans offer prescription drug coverage. There are no statewide PPO plans offered in 2016.

Medicare PFFS Plans

Medicare PFFS (*Private Fee-for-Service*) plans allow you to go to any doctor or hospital *that accepts the terms of your plan's payment*. Before enrolling in a PFFS plan, make sure that your doctors and other health care providers accept the plan's terms and conditions for payment. If you are enrolled in a PFFS plan, present your plan card to the provider's office before you receive a service. Your providers must agree to bill the PFFS plan, not Medicare, for their services. Providers cannot provide you service if they do not agree to the plan's payment terms and conditions. The PFFS plan (not Medicare) decides how much it pays providers and how much your cost-sharing is for the services you receive.

In 2016, PFFS plans are available in 11 counties in California. Some PFFS plans offer Medicare prescription drug coverage, while others do not. If you join a PFFS plan that does not offer prescription drug coverage, you may join a separate Medicare Part D plan.

Medicare SNPs

Medicare SNPs (*Special Needs Plans*) are designed for certain populations. There are 3 types of SNPs:

1. C-SNP – for people with certain chronic or disabling conditions;
2. D-SNP – for people who are eligible for both Medicare and full Medi-Cal ("dual-eligibles"); and
3. I-SNP – for people in certain institutions (like a nursing home) or who still live at home but need the same level of care as someone living in a nursing home.

In 2016, C-SNPs are available in 12 counties; D-SNPs are available in 31 counties; and I-SNPs are available in 5 counties.

The goal of these plans is to provide coordinated health care and services to those who can benefit the most from the special expertise of the plans' providers and focused care management. All SNPs must provide Medicare prescription drug coverage; beneficiaries in a SNP do not need to join a separate Medicare Part D plan. Most of these plans offer more benefits than Original Medicare.

How MA Plans Work

Medicare Advantage plans contract with Medicare on an annual basis. Medicare pays the plan a fixed monthly amount for each Medicare beneficiary who enrolls. This amount is readjusted each year and it varies from county to county. In turn, the plan must provide all benefits in Medicare Parts A and B. The plan may also choose to provide additional benefits not covered by Medicare, such as dental, hearing and vision exams. These additional services can vary by specific geographic areas.

Based on the monthly amount it receives from Medicare, the plan takes the financial risk of providing all medically necessary services regardless of how many people use their services, how often services are provided, or how costly the services are.

Note: Medicare Advantage plans have yearly contracts with Medicare. MA plans may terminate the contract at the end of the year or renew for the following year. If a plan renews, it may change the costs and benefits. Enrollees in MA plans should review their plan's costs and benefits every year. If you decide to change plans or return to Original Medicare, you may do so during the Annual Election Period, which is discussed below. If a plan does not renew, enrollees have a Special Election Period to join another plan or go back to Original Medicare. See our fact sheet "When Medicare Advantage Plans Terminate Coverage," for more info.

Enrollment

You are eligible to enroll in an MA plan as long as you have Medicare Parts A and B. *MA plans do not require health screening, and you cannot be denied enrollment in an MA plan due to a pre-existing condition, with the exception of having end stage renal disease (ESRD).* If you have been diagnosed with ESRD, also known as kidney failure, you are not eligible to enroll in an MA plan. But if you develop ESRD while already enrolled in an MA plan, the plan cannot disenroll you. See our fact sheet "Medicare and People with End Stage Renal Disease." The plan's premium is the same for all beneficiaries regardless of health condition or age.

If you want to join an MA plan, you must reside in the plan's service area and enroll during an applicable enrollment period. Medicare beneficiaries are allowed to enroll into MA plans during the following periods:

1. Initial Coverage Election Period (for people newly eligible for Medicare)
2. Annual Election Period (October 15 through December 7)
3. Special Election Periods (specific time frames based on certain events)

For example, if you move out of your plan's service area, you have a Special Election Period (of up to three months) to disenroll from your plan and join a plan available in your new location. Also, another Special Election Period allows beneficiaries to enroll in a 5-star MA plan between December 8 and Nov 30 each year. Medicare releases plan performance ratings each fall for plans being offered the following calendar year.

There are different ways to enroll. You may enroll directly with the plan, through a plan sales representative, or the plan's website. You can also call 1-800-MEDICARE or enroll through the Medicare website at [Medicare.gov](https://www.medicare.gov). The effective date of coverage depends on the period in which you enroll. If you have existing coverage, coordinate the end of the coverage with the effective date of the MA plan so you do not have a coverage gap.

Disenrollment

Similar to enrollment in an MA plan, disenrollment is also limited to certain periods:

1. Annual Election Period (same as mentioned earlier)
2. Medicare Advantage Disenrollment Period (January 1 – February 14 each year; see below)
3. Special Election Periods (depending on the situation, as mentioned earlier)

During the Annual Election Period or a Special Election Period: if you decide to change from one MA plan to another, enrolling in a new MA plan automatically disenrolls you from the current plan. If you are in an MA-PD plan and want to return to Original Medicare and continue prescription drug coverage, enrolling in a stand-alone Medicare Part D plan automatically disenrolls you from the MA-PD plan and returns you to Original Medicare. Or alternatively, if you are in a stand-alone Medicare Part D plan and wish to switch to an MA-PD plan, enrolling in the MA-PD plan automatically disenrolls you from the Medicare Part D plan.

Medicare Advantage Disenrollment Period (January 1 – February 14)

The Medicare Advantage Disenrollment Period (MADP) only allows you to leave a Medicare Advantage plan and return to Original Medicare; you cannot join or change MA plans during this period. If you want to disenroll from an MA-only or an MA-PD plan and return to Original Medicare during this time, you have a Special Election Period (SEP) to join a Part D plan.

- **If you're in an MA-PD**, you can either:
 - 1) Submit a disenrollment request to your MA-PD plan and enroll in a Part D plan, or
 - 2) Simply enroll in a Part D plan, which automatically disenrolls you from your MA-PD.
- **If you're in an MA-only plan**, you must first request disenrollment from your MA plan to trigger your SEP to join a Part D plan.

If you use your SEP to enroll in a stand-alone Part D plan, your SEP ends as soon as you enroll into a Part D plan. Your new Part D plan becomes effective the first day of the following month.

If you want to get out of a Medicare Advantage plan, and you don't want to join another MA or Medicare Part D plan, you must send a written request to the plan or call 1-800-MEDICARE during one of the enrollment/disenrollment periods mentioned above. The effective date of your disenrollment depends on when the request for disenrollment is made.

Example 1: If you disenroll during the Annual Election Period, the change will be effective the following January 1.

Example 2: If you disenroll during the Medicare Advantage Disenrollment Period, (January 1 – February 14), the change will be effective the first day of the following month.

If you are disenrolling from an HMO or SNP plan during any of the periods, you must continue to use providers and services in the plan's network until the date your disenrollment becomes effective. If you use out-of-network providers before disenrollment is effective, the plan will not pay and Medicare will not pay.

Similarly, if you are disenrolling from a PFFS plan, you must see providers who accept the plan's payment terms and conditions before the effective disenrollment date.

To summarize, Medicare Advantage plans are an alternative way to get your Medicare benefits. Joining an MA plan is optional. If you do not join an MA plan or you disenroll from an MA plan, you have Original fee-for service Medicare (Parts A and B).

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This fact sheet contains general information and should not be relied upon to make individual decisions. If you would like to discuss your specific situation, call the Health Insurance Counseling and Advocacy Program (HICAP). HICAP provides free and objective information and counseling on Medicare and can help you understand your specific rights and health care options. You can call **1-800-434-0222** to make an appointment at the HICAP office nearest you.