

## **Medicare Annual Enrollment Period Starts Tomorrow – Look Before You Leap (Even if the View is Somewhat Clouded)**

October 14, 2021

### **Introduction**

As noted in a recent [CMA Alert](#), Medicare’s Open Enrollment period – also known as the Annual Election Period or Annual Coordinated Election Period – runs from October 15 through December 7. During this time all Medicare beneficiaries can reevaluate their coverage, and make changes, whether they are in Original/Traditional Medicare with separate Part D drug coverage, or in a private Medicare Advantage plan. And there are many plans to choose from - in 2021, the average Medicare beneficiary can choose among 33 Medicare Advantage (MA) plans and 30 Part D stand-alone prescription drug plans (PDPs).

As discussed below, however, while beneficiaries should review their MA and Part D coverage every year to determine if their current options meet their specific health care needs, most do not do so. For those who do compare plans, the means of comparison – such as plan quality ratings – are often flawed. And from whom should beneficiaries get their information? In recent years, the Medicare program’s own materials have departed from a neutral presentation of information and have steered people towards MA plans – with a welcome, recent reversal. Those with a pecuniary interest in a given beneficiary’s coverage choices – including insurance plans and agents and brokers – are happy to step in. These dynamics contribute to a flawed system of coverage “choice” in the Medicare program.

### **Most People Don’t Review Options**

Earlier this week, the Kaiser Family Foundation (KFF) released a report entitled “[Seven in Ten Medicare Beneficiaries Did Not Compare Plans During Past Open Enrollment Period](#)” (Oct. 13, 2021). The report found that in 2019, “71% of all Medicare beneficiaries reported that they did not compare their plan to other Medicare plans that were available during the 2018 open enrollment period, while 29% of all Medicare beneficiaries reported that they compared Medicare plans.” Among those in MA plans, “68% reported that they did not compare Medicare plans during the 2018 open enrollment period, compared to 73% of those in traditional Medicare.”

The report found that there were disparities among different groups of people concerning who made plan comparisons:

The share of all Medicare beneficiaries who said they did not compare Medicare plans during the 2018 open enrollment period was higher among Black (74%) and Hispanic (79%) beneficiaries, beneficiaries ages 85 and older (84%) and under age 65 with disabilities (77%), and beneficiaries with lower incomes (85%), fewer years of education (e.g., 82% for those with less than a high school education), living in rural areas (73%),

those in relatively poor health (74%), and those enrolled in both Medicaid and Medicare (e.g., 87% for full-dual eligibles).

Among the relatively few who do compare their coverage options, what information can and should they rely on?

### **Plan Comparison Information – Quality Ratings**

Last week, the Centers for Medicare & Medicaid Services (CMS) released the 2022 Medicare Advantage and Part D Star Ratings. According to an accompanying [press release](#), “[t]he Star Ratings system supports CMS’s efforts to empower people to make health care decisions that are best for them.” A [fact sheet](#) describing the 2022 Star Ratings notes that an “important component” of such empowerment “is to provide Medicare consumers and their caregivers with meaningful information about quality alongside information about benefits and costs to assist them in being informed and active health care consumers.”

As noted in an *Axios* post by reporter Bob Herman entitled “[The Lake Wobegon effect in Medicare Advantage](#)” (Oct. 11, 2021), “[n]ine out of 10 [89.7%] Medicare Advantage members are enrolled in plans that earned the government’s highest quality marks for 2022.” Herman notes that in 2013, “just 38% of MA enrollees were in plans with four or more stars” and explains that “[a] large chunk of that change can be attributed to insurance companies working the system.” Further, he points out that “[o]ver the past several years, big insurers have merged lower-rated plans into higher-rated ones to get the bonus money, and with no discernible improvement in quality, the *Wall Street Journal* reported in 2018.” Herman concludes by stating: “**The bottom line:** Just because a Medicare Advantage plan gets at least four stars doesn’t mean quality is guaranteed.”

With so many plans achieving ratings high enough to earn bonus payments, using star ratings as a means of comparison between plans does not appear to actually help consumers make informed decisions. Moreover, the independent Medicare Payment Advisory Commission (MedPAC) has in recent years “discussed the flaws in the 5-star system and the [quality bonus program] and the continuing erosion of the reliability of data on the quality of MA plans” as noted in their March 2021 [report](#) to Congress. As a result, the Commission notes, “[t]he current state of quality reporting is such that the Commission’s yearly updates can no longer provide an accurate description of the quality of care in MA.”

In short, a tool promoted as a means of comparing plans’ quality leads to most plans earning extra payment, but such near ubiquitous “high” quality ratings – which are unreliable according to MedPAC – render the tool largely unusable as a means of comparison.

### **From Whom Should You Get Your Information?**

The Medicare program itself is a primary source of information about Medicare coverage options, including general educational materials as well as a tool to search plan options through the Medicare Plan Finder at [www.medicare.gov](http://www.medicare.gov).

In recent years, however, the Medicare program has been less reliable with respect to presenting neutral, unbiased options concerning Medicare coverage options. As the Center has documented elsewhere, starting in the Fall of 2017, we and other advocacy organizations highlighted that, in a marked change from previous practice, Medicare’s outreach and enrollment materials promoted enrollment in private Medicare Advantage (MA) plans, while downplaying the drawbacks of

such plans. At the same time, these materials – including revisions to recent editions of *Medicare & You*, online comparison tools (including the Medicare Plan Finder and associated materials), and education and outreach materials – tended to downplay (or in the case of some email campaigns, entirely leave out), the option of traditional/Original Medicare. Instead of objectively presenting enrollment options, some of this material went as far as encouraging beneficiaries to choose a private MA plan over traditional Medicare.

As the Center outlined in recent [report](#), thankfully the 2022 *Medicare & You* handbook makes important strides towards reversing this bias in favor of Medicare Advantage (see the report for where there is still work to do, along with an Addendum cataloging bias towards MA in recent years).

Even if Medicare materials continue this trend back towards neutrality, which we strongly support, Medicare’s information, according to KFF, is “not widely used by beneficiaries.” The KFF report notes that:

- “Nearly half (47%) of all beneficiaries with Medicare said they had never visited the official Medicare website for information, while 42% said they said they (or someone for them) had ever visited the website, and the remainder (11%) reported they did not have access to the internet or had no one to access it for them [...].
- 53% of all Medicare beneficiaries reported they had never called the 1-800-MEDICARE helpline for information, while 31% reported they had ever called the helpline, and another 16% said they were not aware this helpline existed.
- Half (51%) of Medicare beneficiaries reported they had read thoroughly or some parts of the Medicare & You handbook, while almost one-third (31%) reported they had not read it at all. Nearly one in five (18%) Medicare beneficiaries reported they did not receive it or did not know if they had received it.”

So, if few people compare their plan options on an annual basis, and Medicare’s own materials are not widely used among those who do so, where do people get information from and how are they convinced to make changes to their coverage? Those with a pecuniary interest in an individual’s coverage choice are happy to step in.

One need not leave their TV on for long before encountering retired athletes and actors pitching general promises of better benefits and better days, but more specifically promoting 1-800 numbers that connect with brokerage firms that sell Medicare Advantage plans.

During a National Medicare Education Program (NMEP) call in June 2021, CMS noted that they were reviewing a lot of beneficiary complaints about marketing, including TV ads. One challenge they face is making sure beneficiaries really understand new plans they are moving into. They noted that agents will make statements that a new plan is “better” but an agent doesn’t often know what plan a beneficiary is currently in, so they can’t really make a comparison.

A recent blog post on the Commonwealth Fund’s website by Riaz Ali entitled “[Agent Commissions in Medicare and the Impact on Beneficiary Choice](#)” (Oct. 12, 2021) notes that “[d]iffering commission rates could force agents to choose between their earning potential and helping beneficiaries choose coverage that meets their needs”. The post notes that CMS has set the maximum national commission for initial enrollment in MA plans in 2022 at \$573 per beneficiary in most parts of the country (in California, however, the maximum is \$715); for Part D plans, “the maximum national commission for first-time enrollment is \$87 and does not vary

by region.” When factoring in commissions for Medigap plans, which are subject to [fewer enrollment rights](#) for beneficiaries than MA or Part D plans which are available annually, the post notes that between 2016 and 2020, there has been an increase in MA commissions and a drop in Medigap commissions.

So what are Medicare beneficiaries to do when faced with an onslaught of industry advertisements and agents who may be incentivized to steer them towards MA plans? Our advice is to ignore the ads – to the extent possible – and seek assistance from the unbiased, but often under-resourced, State Health Insurance Assistance Programs (SHIPs – see: <https://www.shiphelp.org/>). Because MA and Part D plans can change their coverage on an annual basis, it is in an individual’s best interest to compare plan offerings each year – even if methods of comparison are often flawed.

## Conclusion

The KFF report states that: “[t]he marketplace of Medicare private plans operates on the premise that people with Medicare will generally compare plans to select the best source of coverage, given their individual needs and circumstances.” KFF’s analysis finding that most Medicare beneficiaries do not compare plans, and that those “who may be more likely to be affected by plan changes from one year to the next, such as older beneficiaries, beneficiaries who are under age 65 with disabilities, and those in worse health, were the least likely [to do so ...] suggest[s] that the marketplace of Medicare plans may not be working as intended.”

As the Center recently expressed to reporter Cheryl Clark from *MedPage Today*, in an [article](#) about the KFF report, “‘The whole system is premised on active, savvy consumers reviewing and changing their coverage in order to get what is best for them, but obviously that doesn’t happen’” In previous *CMA Alerts* ([here](#), [here](#) and [here](#)), we have described the myriad, complicated choices Medicare beneficiaries must make among unequal options, such as the disparate enrollment rights and opportunities between Medicare Advantage and Medigap plans, and the barriers standing in the way of informed decision-making, including some of those outlined above. “Choice” is actively promoted when someone is searching for and selecting a plan, but the concept of choice changes once someone is actually enrolled in a private plan, including who provides the care and what services you can get.

As noted in the *MedPage Today* article, potential solutions to these problems include increasing SHIP funding, better (and more) outreach and education from the Medicare program (scrubbed of bias towards MA), and heightened Medigap rights under law so that people actually have a meaningful “choice” of coverage options. Ultimately, policymakers must strengthen and improve the traditional Medicare program by leveling the playing field between traditional Medicare and MA plans. Failing to do so will only make a flawed system much worse.

*October 14, 2021 – D. Lipschutz*