

Medicare Today and Outlook for the Future

Tricia Neuman, ScD

Senior Vice President

Executive Director, Program on Medicare Policy

Kaiser Family Foundation (KFF)

National Voices of Medicare Summit 2023

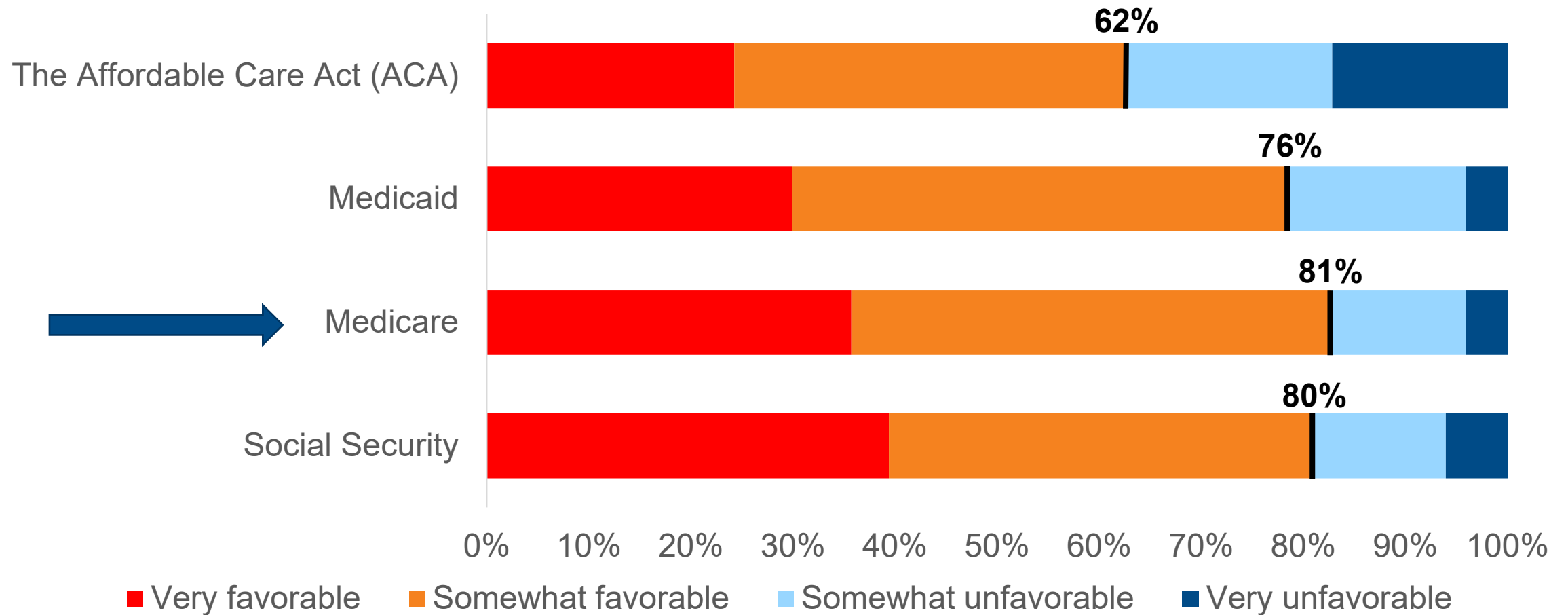
Advancing Equitable Access to Care

Center for Medicare Advocacy

April 20, 2023

KFF

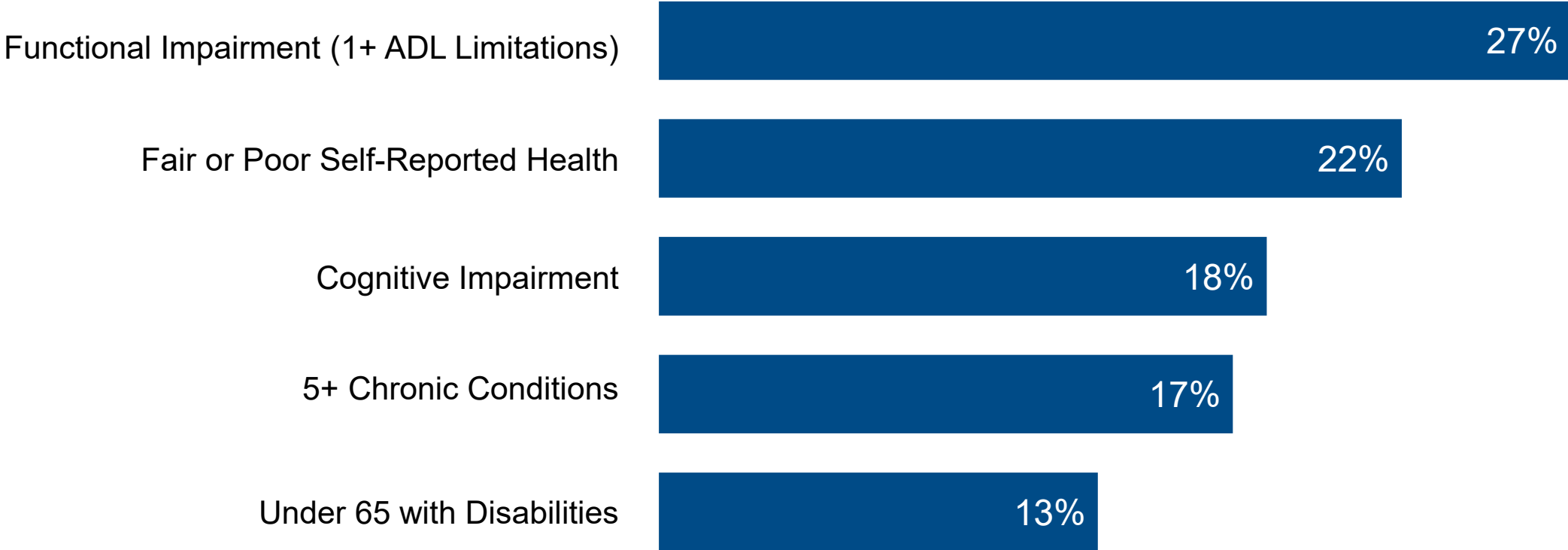
Most (81%) Adults in the U.S. Hold Positive Views of Medicare



SOURCE: KFF Health Tracking Poll (March 14-23, 2023)

Some on Medicare Enjoy Good Health, but Many Have Significant Health Challenges

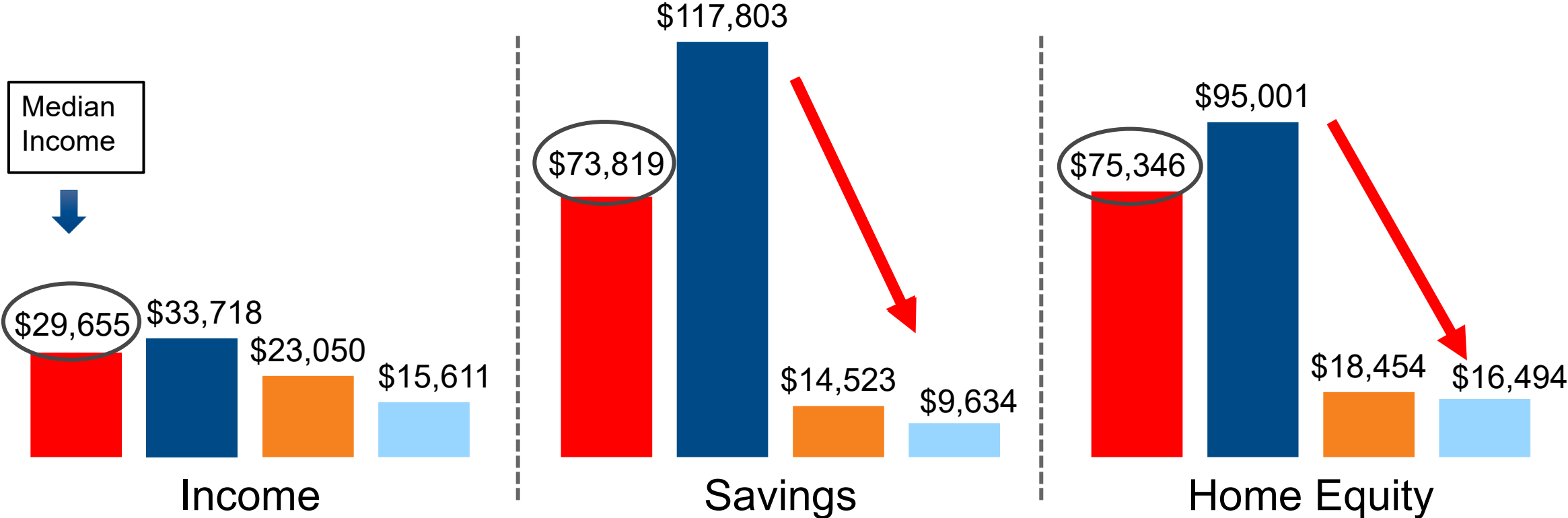
Percent of All Medicare Beneficiaries (~64 million in 2020):



SOURCE: KFF analysis of CMS Medicare Current Beneficiary Survey, 2020 Survey File.

Many Medicare Beneficiaries Have Limited Incomes and Modest Savings, With Wide Disparities by Race/Ethnicity

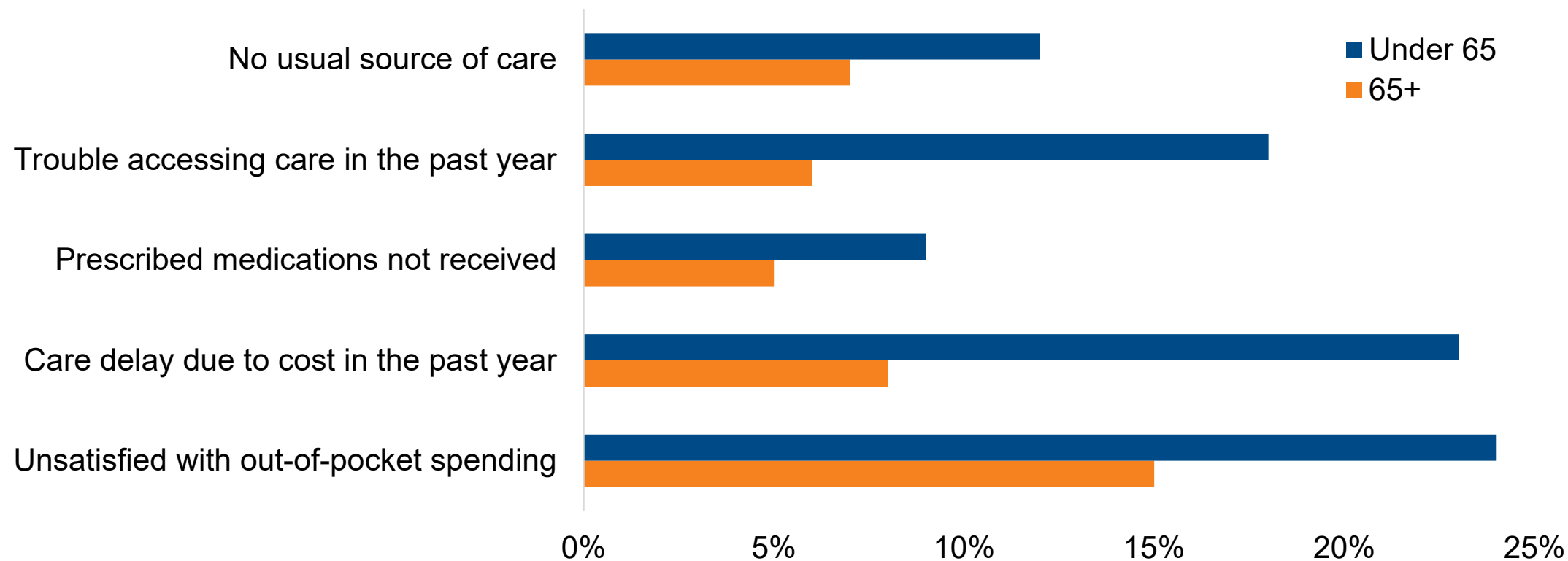
Overall White Black Hispanic



SOURCE: KFF, "Medicare Beneficiaries' Financial Security Before the Coronavirus Pandemic," April 2020.

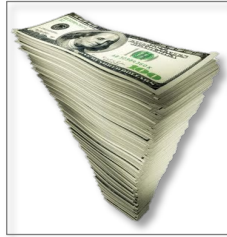
Access and Cost Concerns are More Common Among Medicare Beneficiaries with Disabilities (Under Age 65) than Older Adults

Access and cost concerns among Medicare beneficiaries by age group in 2019



SOURCE: Koma W, Biniek JF, Cubanski J, Neuman T. (2023) Access Problems and Cost Concerns of Younger Medicare Beneficiaries Exceeded those of Older Beneficiaries in 2019. *Health Affairs*, 42(4): 470-478.

Medicare's Cost-Sharing Requirements and Benefit Gaps Contribute to Relatively High Out-of-Pocket Costs



No out-of-pocket cap on cost-sharing for benefits covered under Medicare Parts A and B*



Long-term services and supports – very limited coverage
Average annual cost of semi-private room in nursing home, 2021: \$108,000



No out-of-pocket cap on cost-sharing for Part D prescription drugs (until 2024)



Dental services not generally covered**
Average out-of-pocket spending among people using dental services, 2018: \$874



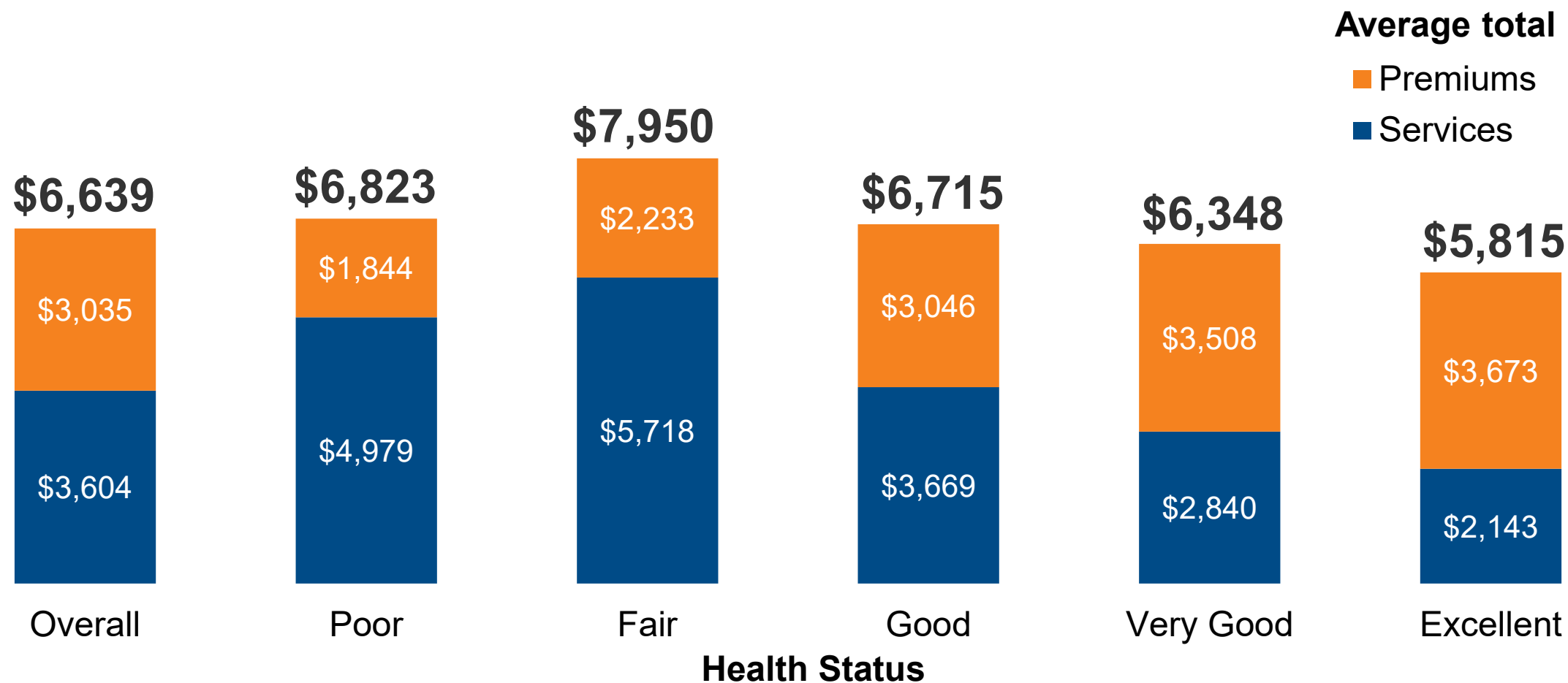
Limited premium and cost-sharing assistance for low-income Medicare beneficiaries (Subject to asset test)



Hearing aids and routine eye exams and eyeglasses – not covered**
Average out-of-pocket spending, users of hearing (\$914) or vision (\$230) in 2018

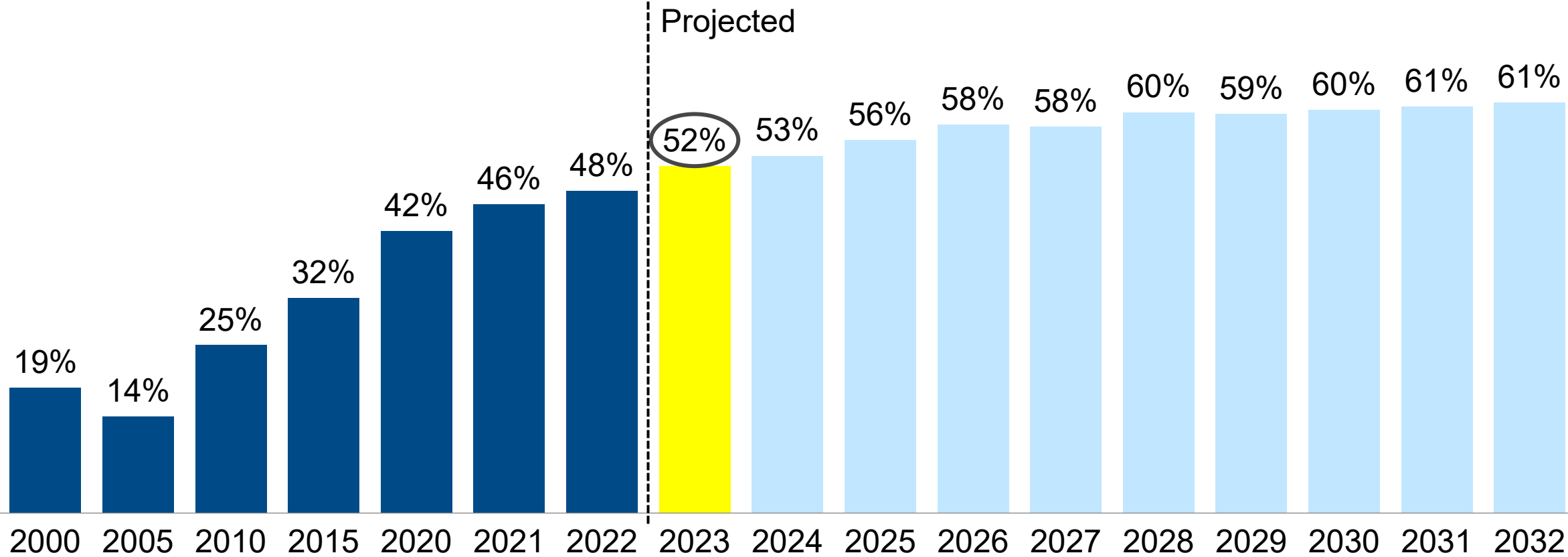
NOTE: *Except in Medicare Advantage ** Some coverage in Medicare Advantage plans; varies across plans
SOURCE: KFF, "Dental, Hearing, and Vision Costs and Coverage Among Medicare Beneficiaries in Traditional Medicare and Medicare Advantage," September 2021.

The Average Traditional Medicare Beneficiary Spent More Than \$6,600 Out-of-Pocket for Health Care in 2019



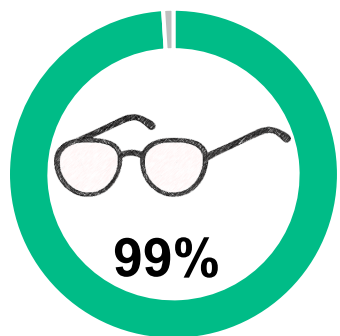
SOURCE: KFF analysis of the CMS Medicare Current Beneficiary Survey, 2019.

Half of Eligible Medicare Beneficiaries are Projected to be Enrolled in Medicare Advantage Plans This Year



SOURCE: KFF, "Medicare Advantage in 2022: Enrollment Update and Key Trends," August 2022.

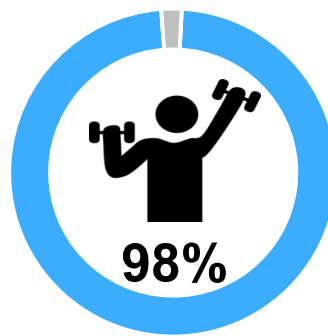
Most Medicare Advantage Enrollees Are in Plans That Offer Supplemental Benefits and an Out-of-Pocket Limit for Medicare-Covered Benefits, With No Supplemental Premium



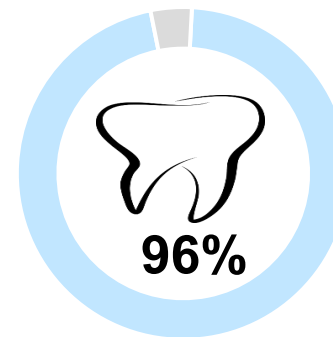
Vision



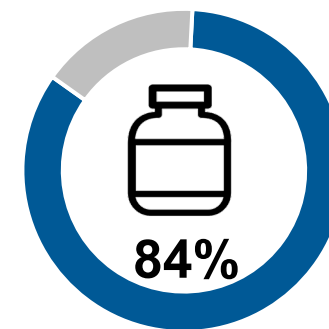
Hearing



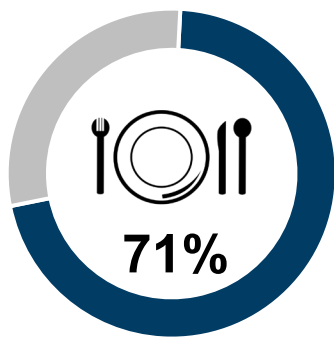
Fitness



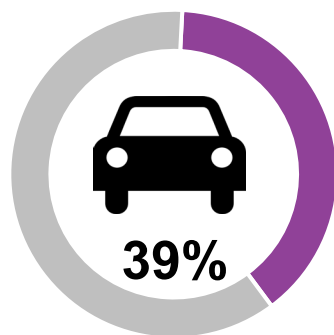
Dental



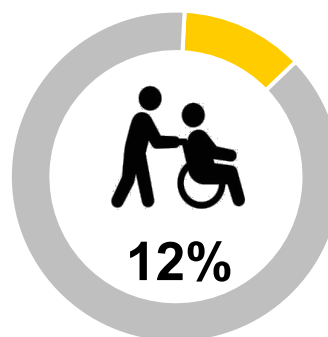
Over the Counter



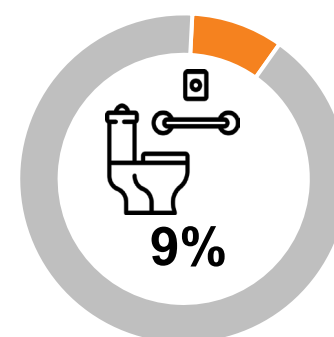
Meal Benefit



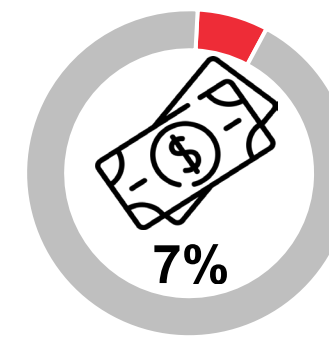
Transportation



In-Home Support



Bathroom Safety

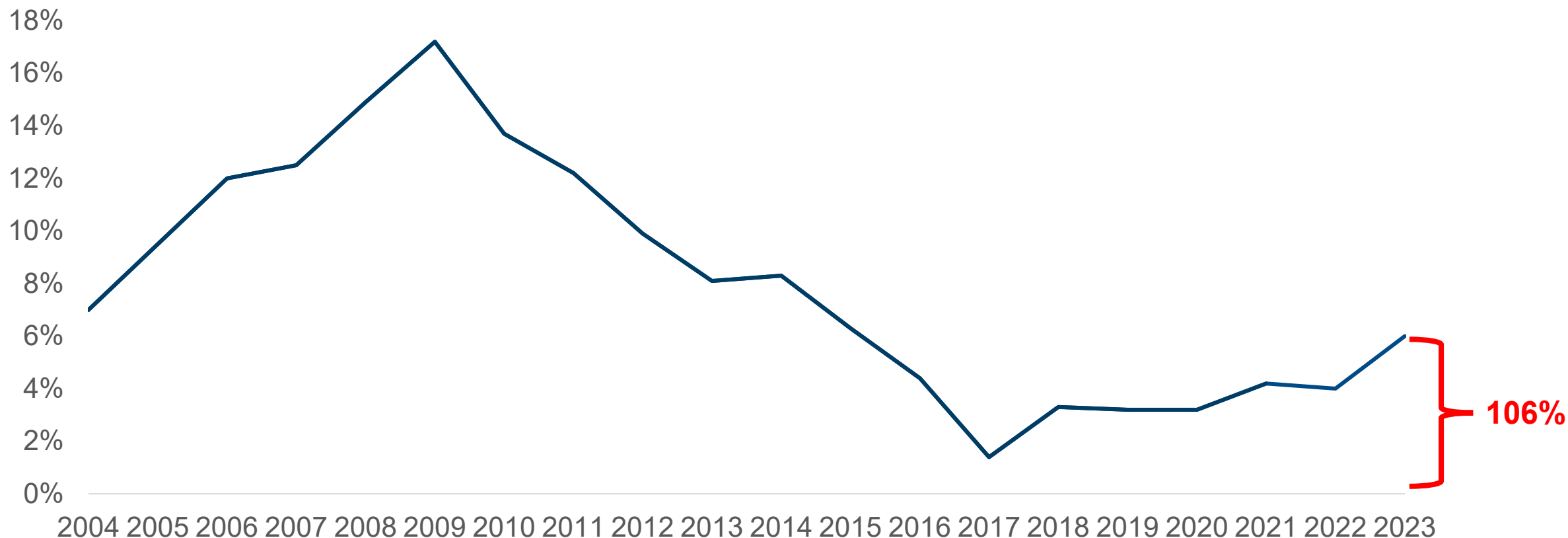


Part B Rebate

SOURCE: KFF, "Extra Benefits Offered by Medicare Advantage Firms Vary," November 2022.

Medicare Pays 6% More for Medicare Advantage Enrollees Than for Similar Beneficiaries in Traditional Medicare

Medicare Advantage payments as a percentage above traditional Medicare spending:



SOURCE: MedPAC presentation, "The Medicare Advantage program: Status Report," January 12, 2023

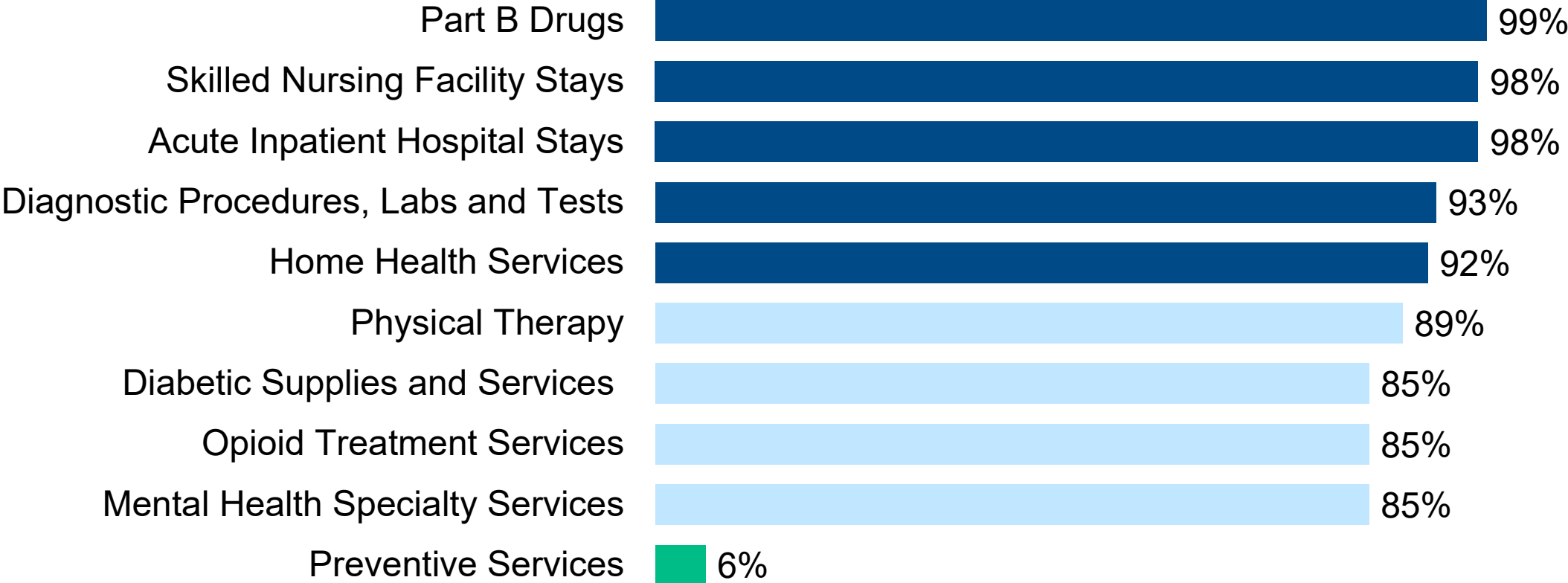
Gross Margins per Member are Higher for the Medicare Advantage Market Than for the Individual or Group Market

Gross Margins Per Member in 2021:



SOURCE: KFF, "Health Insurer Financial Performance in 2021," February 2023.

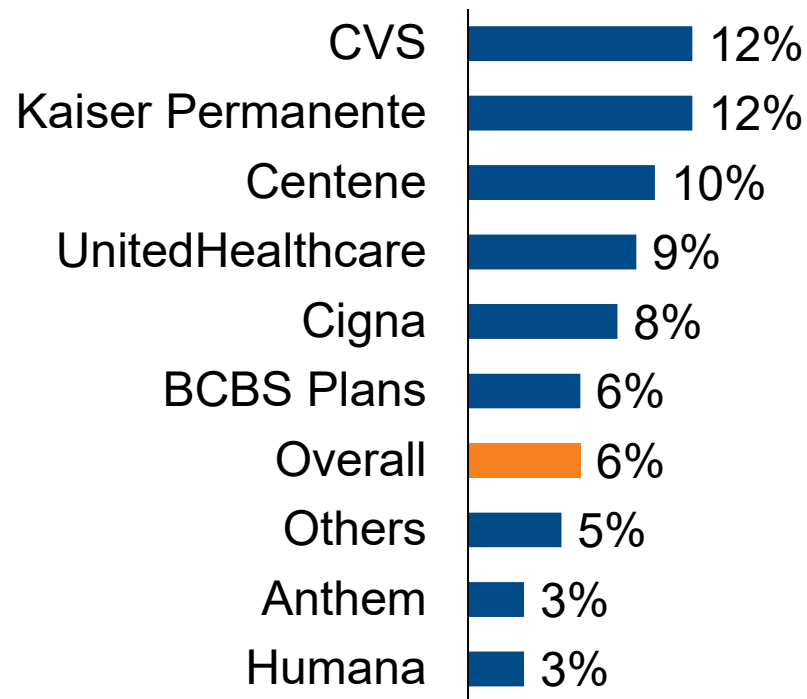
Most Medicare Advantage Enrollees are Required to Receive Prior Authorization for High-Cost Services



SOURCE: KFF, "Medicare Advantage in 2022: Premiums, Out-of-Pocket Limits, Cost Sharing, Supplemental Benefits, Prior Authorization, and Star Ratings," August 2022.

Medicare Advantage Insurers Denied 2 million of the 35 Million Prior Authorization Requests (6%)

Adverse and partially favorable determinations as a share of all prior authorization determinations in 2021



- Of the 2 million denied requests, about 1 in 10 (11%) were appealed

- Upon appeal, most (82%) of prior authorization denials were overturned

SOURCE: KFF, Over 35 Million Prior Authorization Requests Were Submitted to Medicare Advantage Insurers in 2021, February 2, 2023.

Medicare Advantage vs Traditional Medicare: Tradeoffs

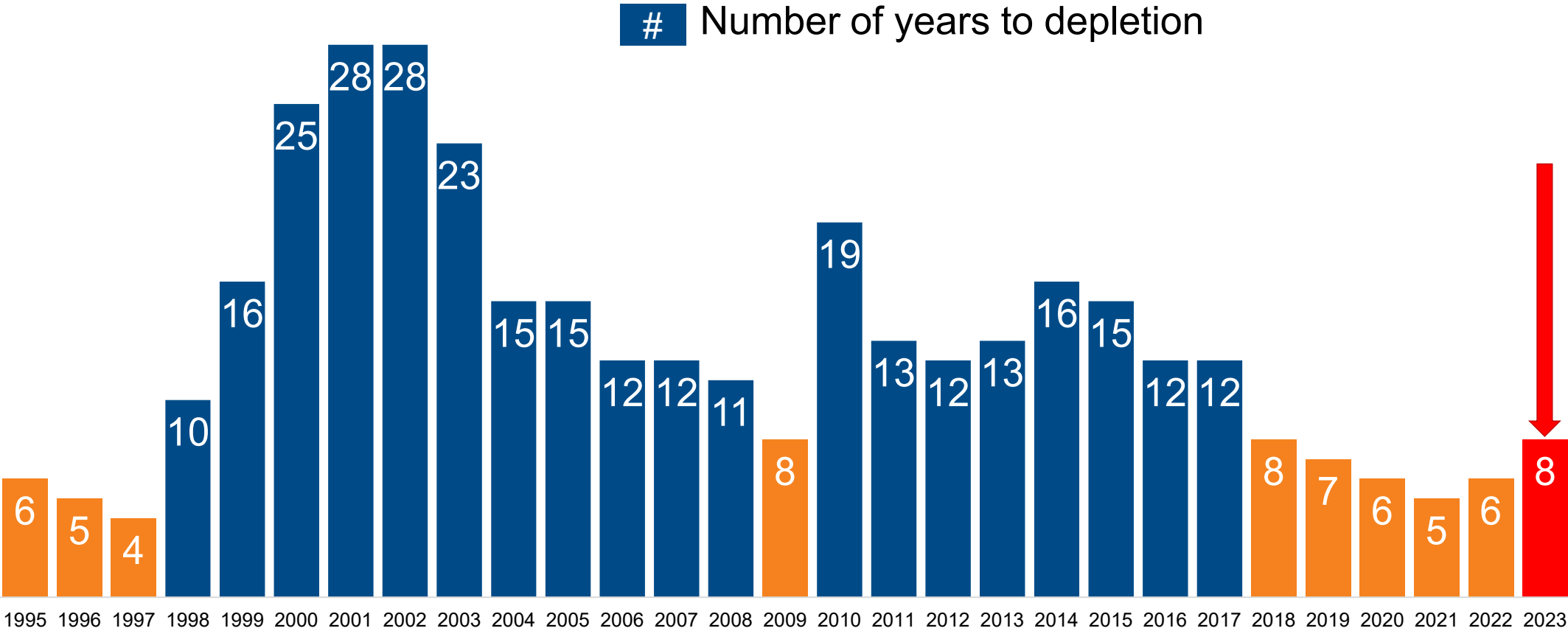
Potential Advantages

- One stop shopping – no need for separate Medigap or Part D plan
- Lower premiums than Medigap; most pay no premium other than Part B
- Plans have an out-of-pocket limit for benefits covered under Parts A and B
- Some plans offer transportation, in-home support, and assistive devices
- Potential for care coordination

Potential Disadvantages

- Limited provider network – most enrollees are in plans that have no out-of-network coverage
- Potential for higher out-of-pocket costs for certain services (e.g., Part B drugs)
- More utilization review than traditional Medicare (e.g., prior authorization and referrals)
- Limited ability to switch back to traditional Medicare with Medigap (due to guarantee issue restrictions)

The Medicare HI Trust Fund is projected to be depleted in 2031



Medicare Trustees Projections

SOURCE: KFF, "What to Know about Medicare Spending and Financing," January 2023; 2023 Annual Report of the Boards of Trustees.

Future Challenges

- **Financing Care for An Aging Population**
- **Improving Affordability for Beneficiaries**
- **Setting Fair Payments to Health Care Providers and Medicare Advantage Plans**
- **Meeting the Needs of the Most Disadvantaged**

THANK YOU!

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