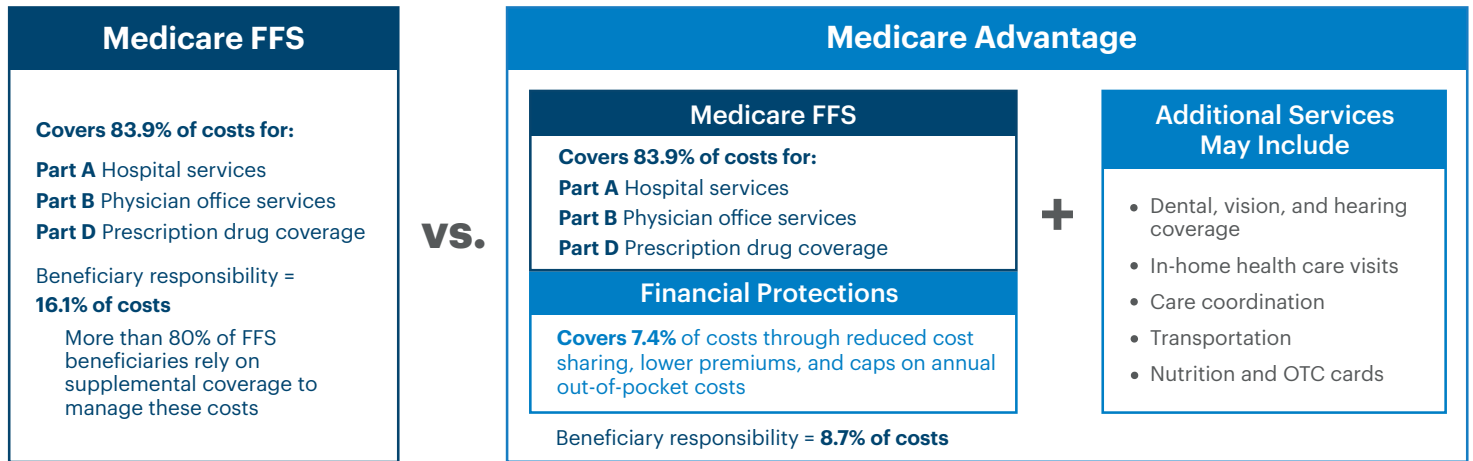


Beneficiaries in Medicare Advantage Receive Better Value and Spend 45% Less than Beneficiaries in Medicare FFS

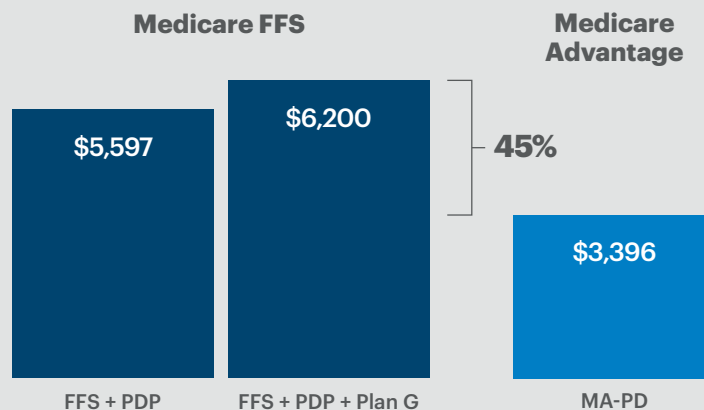
Beneficiaries in Medicare Fee-For-Service (FFS) receive coverage for hospital and physician office services and can purchase a prescription drug plan (PDP) for drug coverage under Part D; more than 80% of FFS beneficiaries rely on supplemental coverage for Medicare-covered services.¹ Medicare Advantage-Prescription Drug (MA-PD) plans cover the same services as Medicare FFS, include drug coverage, and typically offer additional protections and services, not covered by Medicare FFS, that support beneficiaries in staying healthy, improving care outcomes, and limiting the impact of unforeseen medical costs. Compared to Medicare FFS, MA beneficiaries with chronic conditions receive more preventive care and have fewer emergency department visits and hospital admissions.^{2,3}

Differences in Benefits Covered by Medicare FFS and Medicare Advantage⁴



A beneficiary's estimated health care spending is a key factor in the choice between MA and Medicare FFS coverage, especially because half of Medicare beneficiaries live on fixed incomes below \$29,650 annually.⁵ Health care spending—defined to include individual premiums and out-of-pocket (OOP) cost sharing for medical, pharmacy, and ancillary services—by an MA-PD beneficiary of average age (73 years old) and average health is 45% lower (\$3,396 vs. \$6,200 annually) than for a comparable beneficiary in Medicare FFS with a PDP and Medigap Plan G,⁶ the most comprehensive supplemental coverage available to new Medicare beneficiaries to reduce OOP spending.⁷

Estimated Annual Health Care Spending by Comparable Beneficiaries, 2023⁸



Medicare Advantage Provides Better Value than Medicare FFS

MA plans are required to provide the same benefits as Medicare FFS; however, MA plans provide additional high-value services that reduce beneficiaries' health care spending and protect beneficiaries when health status changes unexpectedly.

Financial Protections



Medicare beneficiaries can select MA at any age and will be guaranteed coverage regardless of health status or medical history. In contrast, Medigap plans can require underwriting if beneficiaries do not enroll in Medigap plans when they become newly eligible.



MA premiums do not vary by age, gender, or health status, while Medigap premiums do. In 2023, the average annual beneficiary premium is:⁹

- \$189 under MA-PD, regardless of age; and
- \$2,524 for age 65 and \$3,774 for age 85 under a PDP and Plan G.



MA plans have annual maximum out-of-pocket (MOOP) limits for their beneficiaries, while Medicare FFS does not.

- The average MOOP limit established by MA plans for 2023 is about \$4,680,¹⁰ well below the \$8,300 regulatory maximum.¹¹



Lower Premiums

- Part B premiums are lower on average for MA beneficiaries than for Medicare FFS beneficiaries.
- MA-PD beneficiaries have no-cost or low-cost prescription drug coverage.



Reduced Cost Sharing

- MA-PD drug formularies have lower cost sharing than those offered by standalone PDPs.
- MA beneficiary cost sharing is reduced for the use of high-value medical services, such as preventive care.

Additional Services not Included in Medicare FFS



Supplemental Benefits

- Dental, vision, and hearing services, over-the-counter (OTC) drug cards, and transportation to provider visits—which are not covered by Medicare FFS—are often included in MA plans for no additional premium and minimal beneficiary cost sharing.
- MA plans are addressing social determinants of health (SDOH) by connecting beneficiaries to government and community-based programs that provide financial supports, nutrition and meal delivery, and housing assistance.



Care Management

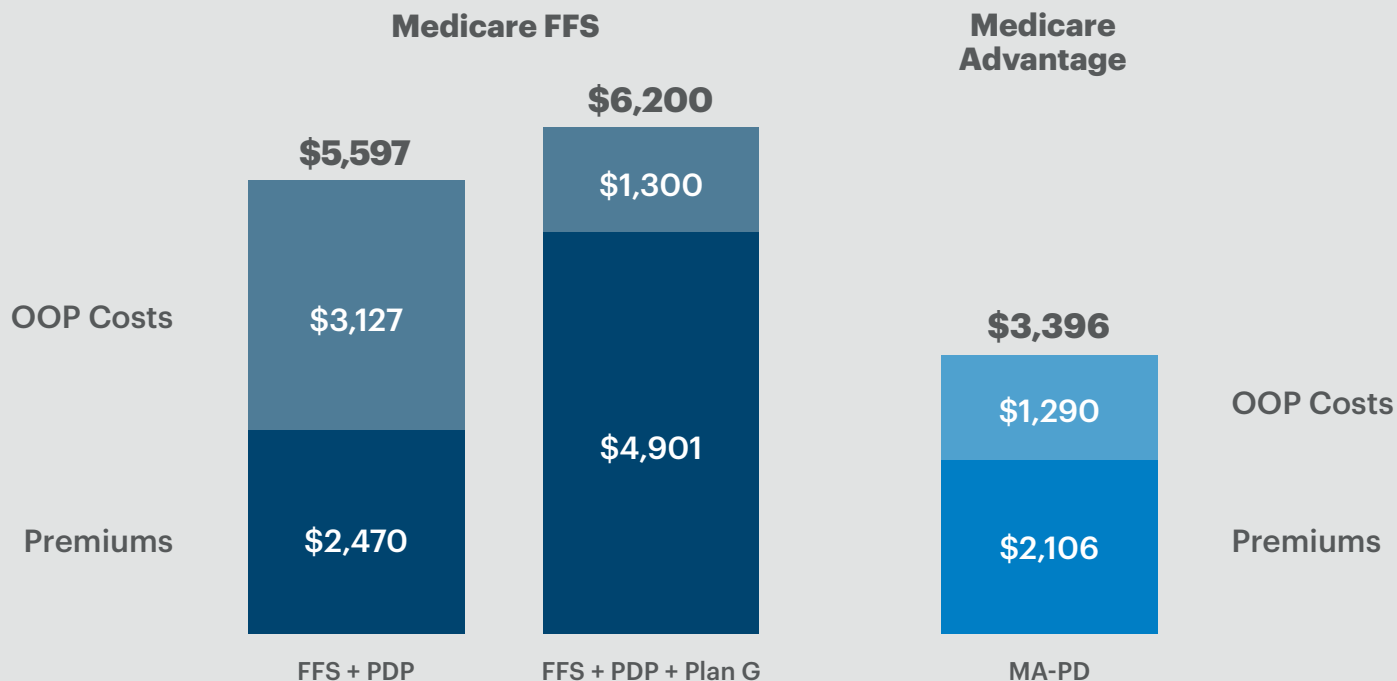
- MA plans provide in-home health care visits and care coordination to assess health risks, identify preventive care opportunities, support care delivery, and reduce hospital admissions and emergency department visits.
- MA beneficiaries have access to high-quality provider networks.

With these financial protections and additional services, an average MA-PD beneficiary spends 45% less on premiums and cost sharing than a comparable beneficiary in Medicare FFS with a PDP and Plan G.¹²

Beneficiaries in Medicare Advantage Experience Lower Health Care Spending

A beneficiary's own health care spending varies significantly by choice of health coverage.

Estimated Annual Health Care Spending by Comparable Beneficiaries, 2023¹³



A 73-year-old MA-PD beneficiary in average health spends:



\$2,201 Less than a FFS + PDP beneficiary

\$2,805 Less than a FFS + PDP + Plan G beneficiary

Note: The sum of individual components in this figure may not equal the total due to rounding.

A 65-year-old MA-PD beneficiary

in average health spends:¹⁴

\$1,884 Less
than a FFS + PDP beneficiary

\$2,588 Less
than a FFS + PDP + Plan G beneficiary



An 85-year-old MA-PD beneficiary

in average health spends:¹⁵

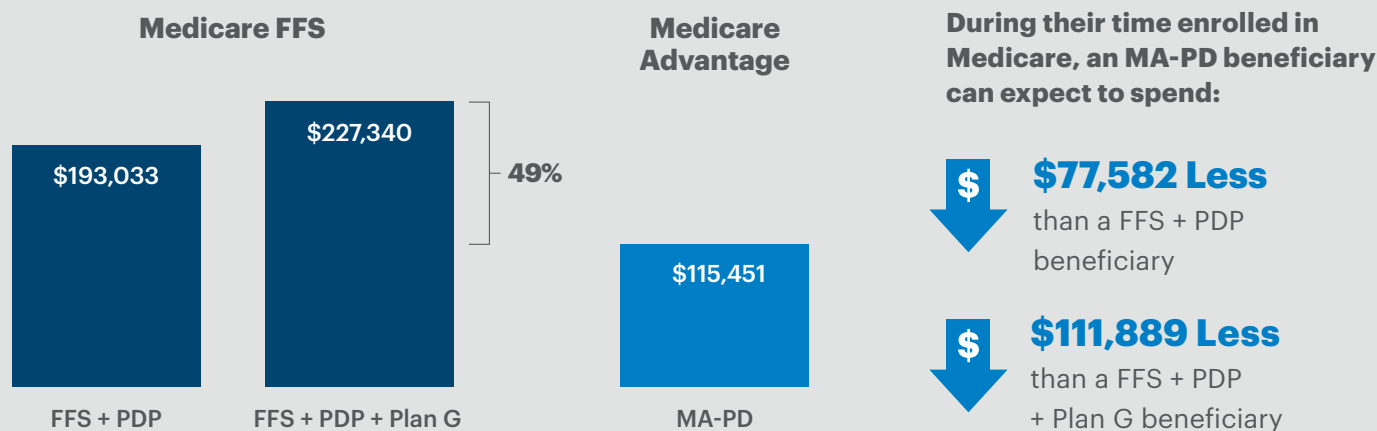
\$2,737 Less
than a FFS + PDP beneficiary

\$3,256 Less
than a FFS + PDP + Plan G beneficiary

A Beneficiary in Medicare Advantage Can Save \$77,000 to \$112,000

A 65-year-old Medicare beneficiary will live, on average, for 21 more years.¹⁶ During this time, total health care spending by an MA-PD beneficiary will be 49% lower than for a Medicare FFS beneficiary with a PDP and Plan G.¹⁷

Estimated Total Health Care Spending by a 65-Year-Old Beneficiary¹⁸



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