

Know Your Facts Part 1

Original Medicare vs. Medicare Advantage

In this issue ...

Differences between Original Medicare coverage and Medicare Advantage coverage.

Information to educate 65+ individuals to better understand the various health care plan options.

How Medicare Advantage coverage may affect rural residents.

The savings associated with Medicare Advantage may look enticing, but look further and understand the risks.

Medicare open enrollment is scheduled to run Oct. 15 to Dec. 7. That's when seniors can switch coverage between Original Medicare and Medicare Advantage, or change a prescription drug plan.

At first glance, it may be easy to see the appealing parts of Medicare Advantage. Original Medicare includes Part A, for in-patient hospital and skilled nursing care, and Part B, for doctor services. These plans typically cost about \$175 a month¹ (with the cost deducted from your social security check). Many people pay extra for Medigap, to cover copays and other out-of-pocket costs, as well as a Part D plan for drugs.



It's imperative senior citizens do their due diligence when selecting a health insurance plan. Your local health care providers can help.

Medicare Advantage plans (also called Part C), provide the benefits of Part A, B, and often D, usually for about the same amount, with lower copays, so there's no need for Medigap. Some Medicare Advantage plans offer benefits not in Original Medicare, such as fitness classes or vision and dental care.

This often sounds good – but review the details closely. Choosing between the two requires careful consideration of your finances and health needs. Medicare Advantage plans can carry hidden risks, especially for people with major health issues.

Some people in Medicare Advantage may end up paying unexpectedly high costs when they

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become ill or find that their network lacks the providers they need.

With Original Medicare you can see any provider who accepts Medicare, which is most. However, Medicare Advantage plans typically require that you get care from a more limited network of providers, and in most cases, you will need a pre-authorization from the insurance payer to see specialists, receive Part B drugs, get skilled nursing facility stays or inpatient hospital stays, receive mental health services or receive diagnostic services such as procedures, labs, tests, therapy, dialysis, hearing, eye exams, dental care and many other services.

A study in the Annal of Internal Medicine found that switching to Medicare Advantage was associated with increased financial burden among vulnerable populations, especially those with low incomes².

Medicare Advantage plans may be especially problematic for people in rural areas. A 2021 study found that rural Medicare Advantage plan enrollees were nearly twice as likely to switch back to Original Medicare as those in urban areas³. The network of providers in rural areas are especially narrow, making it harder for people to get care.



Rural citizens need to carefully review of Medicare Advantage plan as they may have trouble finding approved providers and rehabilitation services near their home.

Original Medicare vs. Medicare Advantage
Original Medicare is best for you if:
You have known health issues, prefer not needing a physician referral, and want access to a wide scope of physicians and hospital networks.
You want more predictable health care costs.
You require prescriptions.
Medicare Advantage is best for you if:
You are a healthy adult who prefers low premiums.
You are comfortable with managed care risks, limited networks and the need for prior approvals and referrals for most services.

A 2021 study showed rural Medicare Advantage plan enrollees were nearly twice as likely to switch back to Original Medicare because of the limited network of providers³.

SOURCES

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3. <https://www.fiercehealthcare.com/payer/study-rural-patients-struggle-access-under-medicare-advantage>