

The Medicare Advantage Program

August 2017



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What is Medicare Advantage?

Medicare Advantage (MA) plans are private plans that participate in Medicare and provide Medicare benefits as an alternative to traditional Medicare

Plans must provide, at a minimum, a benefit that is the same or 'actuarially equivalent' to the Medicare benefit; most plans provide extra benefits and reduced cost sharing

MA plans also provide disease management and care coordination programs

Most MA plans also provide the Part D (prescription drug) benefit and are known as MA-PD plans

99% of Medicare beneficiaries have access to at least one MA plan option in 2017; on average beneficiaries can choose from among 10 MA plans*

*MedPAC, "A Data Book: Health Care Spending and the Medicare Program", Chart 9-2, June 2017 available at http://medpac.gov/docs/default-source/data-book/jun17_databookentirereport_sec.pdf?sfvrsn=0

Types of MA Plans

There are various types of MA plans for beneficiaries

Organization types:

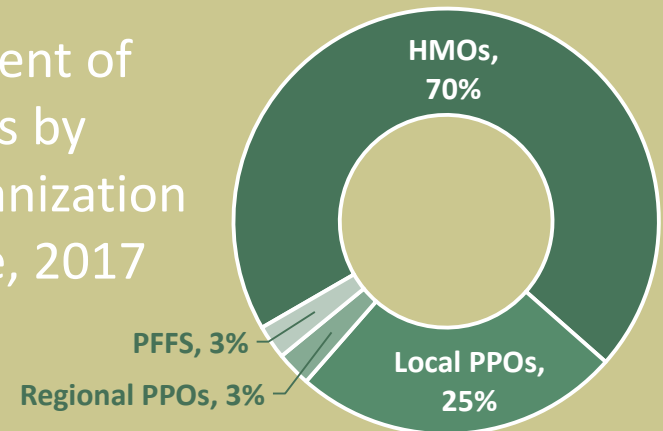
- Health Maintenance Organizations (HMOs)
- Local and regional Preferred Provider Organizations (PPOs)
- Private Fee-For-Service Plans (PFFS)

Special Needs Plans (SNPs):

- Dual eligible SNPs (D-SNPs)
- Chronic Condition SNPs (C-SNPs)
- Institutional SNPs (I-SNPs)

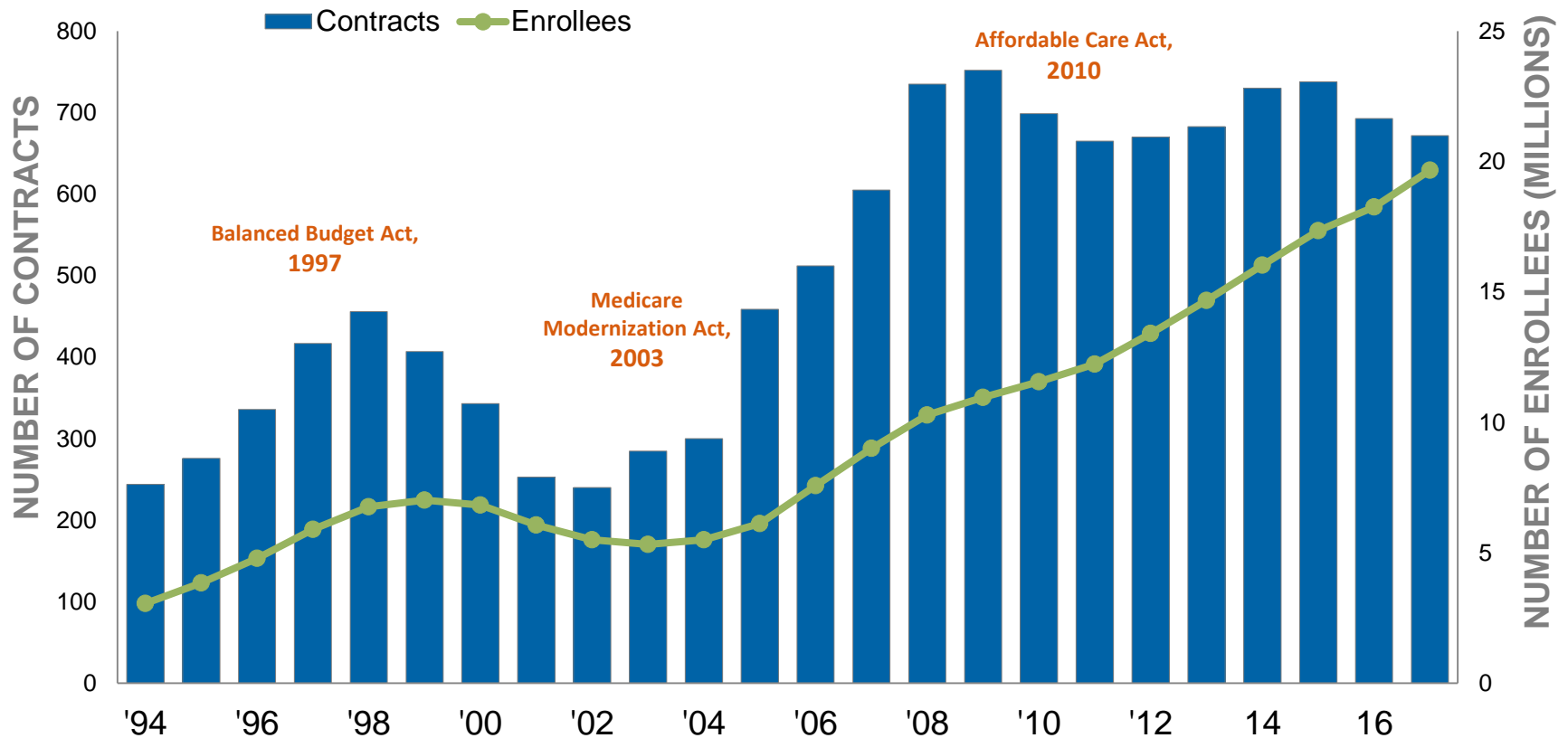
Employer Group Waiver Plans (EGWPs)

Percent of Plans by Organization Type, 2017



MA Enrollment Has Been Growing Steadily Since MMA

Number of MA Contracts and Enrollees By Year

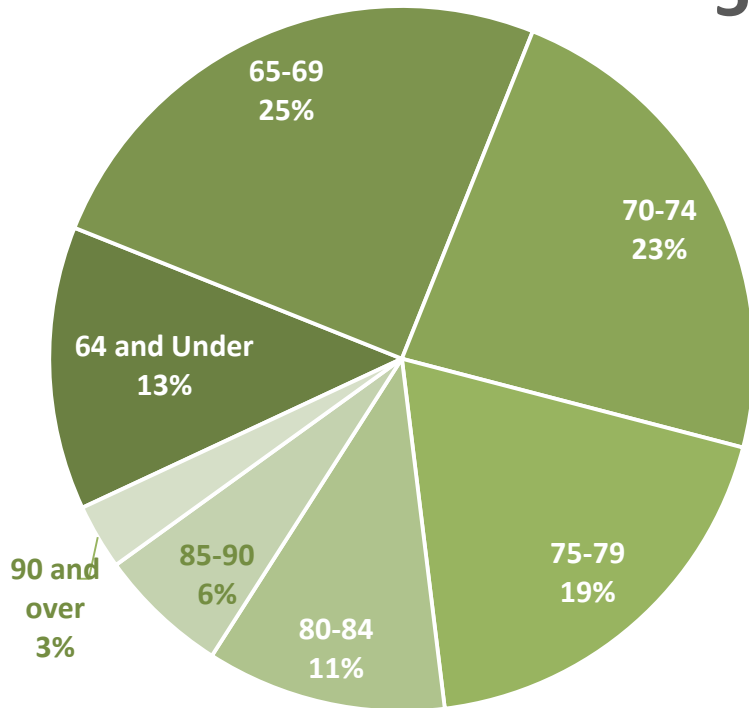


*Figures include all standard managed care contract types in force each year plus demonstration contracts; Part D and Special Needs Plans excluded prior to 2006. A single contract may include multiple plan options.
Sources: Prior to 2006, data from CMS Monthly Reports (December releases). 2006 and later data from CMS monthly enrollment releases for Part C and Part D plans.

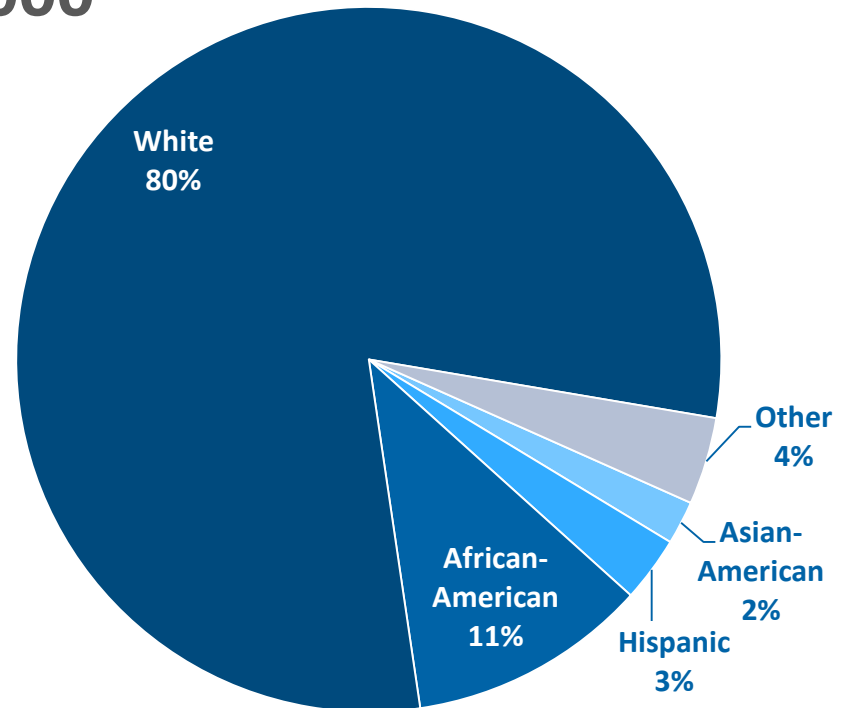
MA Enrollee Demographics Generally Mirror Medicare Overall

TOTAL 2012 MEDICARE ENROLLMENT

50,862,000



MA ENROLLMENT BY AGE, 2012



MA ENROLLMENT BY RACE/ETHNICITY, 2012

MA Plans Submit Bids on Estimated Costs of Benefits and Services

MA plans receive a monthly capitated (per enrollee) amount to provide all Part A and B benefits

This payment is risk adjusted to account for beneficiary risk profiles

Plans submit bids based on estimated costs per enrollee for services covered under Medicare Parts A and B

The bids are compared to benchmark amounts that are set by a formula established in statute and vary by county or region

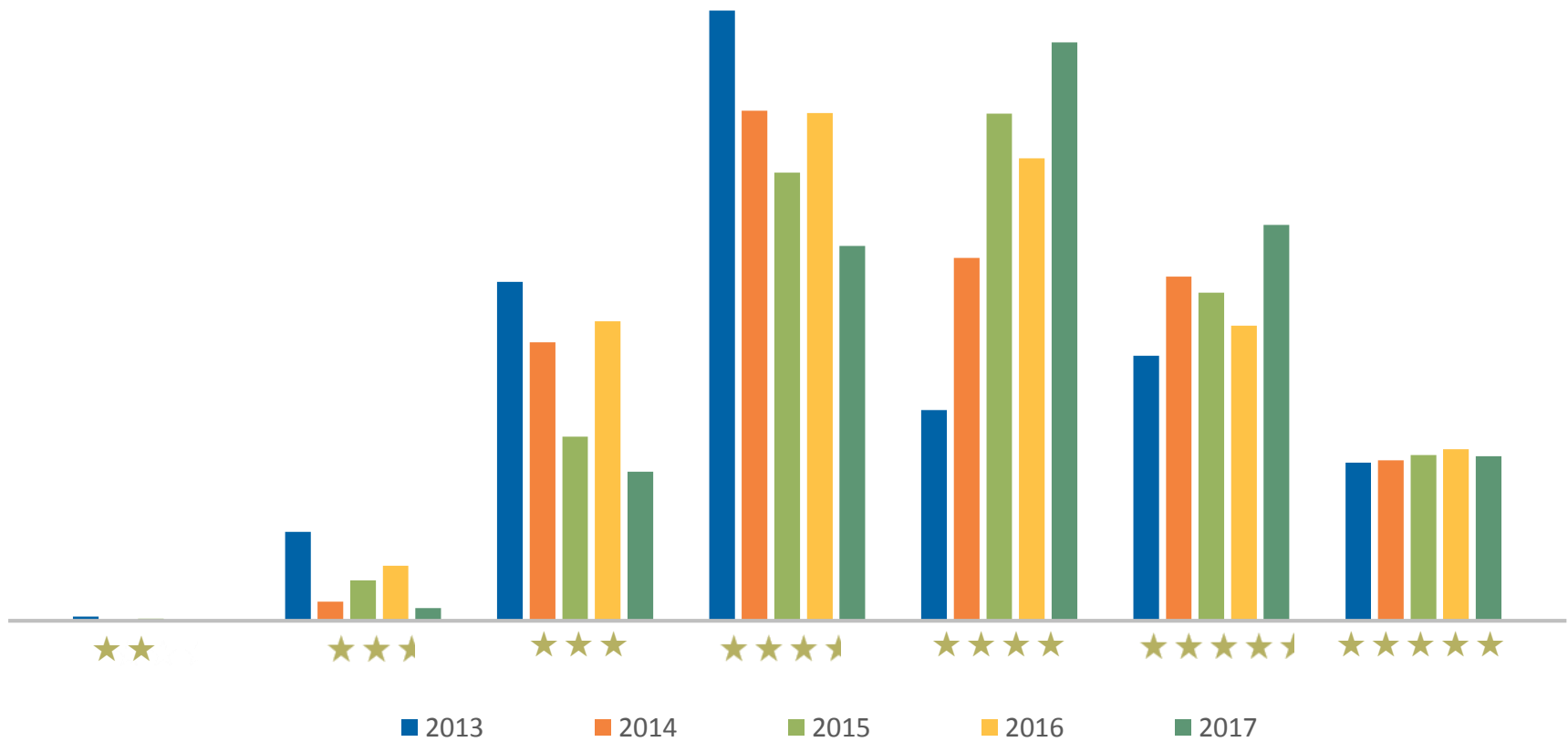
The benchmarks are the maximum amount Medicare will pay a plan in a given area

If a plan's bid is higher than the benchmark, enrollees pay the difference between the benchmark and the bid in the form of a monthly premium

If the bid is lower than the benchmark, the plan and Medicare split the difference between the bid and the benchmark; the plan's share is known as a "rebate," which is used to provide supplemental benefits or to reduce cost sharing

Plan Quality Performance Steadily Increasing

DISTRIBUTION OF MA-PD ENROLLEES BY CONTRACT QUALITY SCORE*
2013-2017



*These ratings summarize all Part C and Part D measures combined. Does not include contracts that were too new to be measured or did not have enough data to calculate a rating CMS. "Fact Sheet – 2017 Star Ratings." October 2016.

Questions?

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