

# What Do Beneficiaries Want *From Medicare*

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# Beneficiary Perceptions vs. Medicare Realities

# Affordable Coverage vs. Existing Cost-sharing

## Out-of-Pocket Costs for Medicare Beneficiaries

	Median	Mean	Top 10 percent
<b>All Beneficiaries</b>	<b>\$3,324</b>	<b>\$4,451</b>	<b>\$8,030</b>
<b>Excellent/Very Good Health</b>	\$3,321	\$3,993	\$7,208
<b>Good Health</b>	\$3,439	\$4,487	\$7,797
<b>Fair Health</b>	\$3,047	\$5,034	\$9,421
<b>Poor Health</b>	\$3,253	\$5,494	\$11,812

2010 MCBS data. Costs include Medicare premiums, supplemental premiums, and spending Medicare and non-Medicare covered services

# Affordable Coverage vs. Existing Cost-sharing

## Medicare Part A, Part B and Part D Deductibles, Coinsurance, and Premium Amounts

<b>Part A</b> (Hospital Inpatient, Skilled Nursing & Home Health)	<b>Part B</b> (Hospital Outpatient Physician, Labs, Imaging)	<b>Part D</b> (Outpatient Prescription Drugs)
<p><b>Deductible</b> \$1,260 per benefit period</p> <p><b>Coinsurance</b> \$315 per day for the 61st to 90th day of each benefit period \$630 per day for the 91st to 150th day of each benefit period</p> <p><b>Skilled-nursing facility</b> \$157.50 per day for the 21st to 100th day of each benefit period</p>	<p><b>Deductible</b> \$147 per year</p> <p><b>Coinsurance</b> 20 percent of Medicare allowable charges</p> <p><b>Part B monthly premium</b> \$104.90 for individuals with incomes under \$85,000 and married couples with incomes under \$170,000. Beneficiaries with higher incomes pay between \$146.90 and \$335.70.</p>	<p><b>Deductible</b> \$320 per year</p> <p><b>Initial Coverage Limit</b> (spending needed to reach doughnut hole) \$2,960 total drug spending (\$980 out-of-pocket)</p> <p><b>Out-of-Pocket Threshold</b> (spending needed to reach catastrophic coverage) \$4,700 out-of-pocket (\$6,680 total drug spending)</p> <p><b>Coverage Gap</b> (“Doughnut hole”) \$3,720</p> <p><b>Average monthly premium</b> \$33.13</p>

Source: Centers for Medicare & Medicaid Services, Press Release; Oct. 9, 2014. Prepared by AARP Public Policy Institute.

# Confusion, Frustration, and Health Care Decisions

# Causes of Confusion and Frustration

- **No catastrophic coverage/out-of-pocket maximum**
- **Does not cover vision, dental, hearing aids, or long-term care**
- **Enrollment periods**
- **Distinguishing between Parts A, B, C, and D, and Medigap**
- **Roles of Federal government and private insurers, as well as suppliers, contractors, and state governments**
- **Overwhelming choices and information**
- **Terminology**

# Impact on Decision Making

- **Around 30% of beneficiaries chose Part C Medicare Advantage plans**
- **Another 50% have Medigap or employer-sponsored supplemental coverage**
- **Medigap C & F plans are most popular**
- **Only 13% switch Part D drug plans each year**
- **Reliance on friends, family, and caregivers**

# Medicare Challenges Ahead



# Can we make Medicare better?

- **Benefit design and streamlining Parts A & B**
- **Expand coverage benefit**
- **Coordinated and patient-centered**
- **Make information user-friendly**

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