

## Get the Facts About Medicare Advantage Plans

As Medicare Advantage plans (MA), expand across the country, competition heats up to provide health care protection to Medicare beneficiaries. To keep your Med supp business – and your income stream – healthy and growing, prepare yourself with the facts. Ask prospects to consider their answers to the following questions. You may be interested in how the plans can affect you, too.

## Five Questions to Ask Prospects About MA Plans

### 1. Have you talked with your health care providers about this MA plan?

**Fact:** Not all providers in an MA plan network take new patients.

👉 **Plan Members:** They must pay up front.

👉 **You:** Many members drop the MA coverage when they find out their docs won't accept the plan, leaving you without renewals and the paperwork and headaches of switching them back to Medicare.

👉 **Med Supp Advantage:** All providers accept Medicare supplement Part A and Part B claims, which are filed electronically without policyholder involvement. No provider networks to worry about.

### 2. Do you know how much four days in the hospital will cost you?

**Fact:** Combine deductibles and co-payments for hospital and doctor visits and, depending on the location, four hospital days could cost \$1,000, not counting the doctor visits, and additional services and supplies.

👉 **Plan Members:** During a hospital stay, MA plans shift the burden of payment from the plan to the plan member. Who pays for what can be confusing when the bills come in and members thought they were covered.

👉 **You:** Complicated plan designs, cost-sharing, unexpected out-of-pocket expenses... who do plan members call for help? The person who sold them the MA plan, of course. Are you prepared for the extra time and effort these plans create?

👉 **Med Supp Advantage:** Policyholders pay \$0 for four days in the hospital. Plans are simple, pay up front, don't hassle policyholders with the details. They have peace of mind knowing they're covered from day one. And, you have more time to do what you do best: sell.

### 3. Have you budgeted for the unexpected out-of-pocket costs?

**Fact:** As the graph on the back illustrates, people with MA plans cannot predict their monthly out-of-pocket expenses. Look for sizable cost increases in a few years, too, as Medicare tries to spread around its prescription drug expenses.

👉 **Plan Members:** At any time, their costs could reach or exceed their fixed income level. Often, they don't realize they'd have to pay for anything.

👉 **You:** You've got unhappy customers who were attracted by low premiums and didn't fully understand how the MA works. You could lose their business, renewals, credibility and referrals.

👉 **Med Supp Advantage:** No spikes in out-of-pocket costs. Benefits are constant and rise with Medicare's deductibles and co-payments. This stability makes it easier for policyholders on a fixed income to budget their health care expenses. You have happy customers who renew their plans, call you first for additional product needs and send their friends and family to you.

(See "Budgeting for Health Care Expenses" on the back side.)

### 4. Do you know that the plan can drop you at any time?

**Fact:** Historically, Medicare hasn't paid enough to these private plans to keep pace with medical inflation. As health care provider payments shoot up and Medicare's payments to the plans stall, plans again may choose to withdraw from the program and drop members.

👉 **Plan Members:** MA plans can increase premiums and co-payments or exit the market, which leaves members paying even more on their own, see-sawing in and out of plans or going back to traditional Medicare.

👉 **You:** MA plans' instability makes it hard for you to build your business on them. Consider lost renewals and the extra time and effort to convert people to Medicare supplements, which you could have done in the first place with little fear of losing them.

👉 **Med Supp Advantage:** Only a Med supp policyholder can cancel the plan, not the company. You can build your commissions a lot easier on a guaranteed renewable product than on one that can be cancelled anytime like an MA plan.

### 5. Do you travel? Spend part of the year in another state? Want to see specialists?

**Fact:** MA plans have specific provider networks, which can fluctuate and may not be nationwide.

👉 **Plan Members:** Members' current providers may not be in the network. Members may not be covered where they travel or live part of the year. They may want to see out-of-network specialists for some conditions. All of these factors can mean higher out-of-pocket costs and frustration for members.

👉 **You:** Additional headaches trying to calm members' frustrations.

👉 **Med Supp Advantage:** Policyholders can see any provider, including specialists, anytime, anywhere in the country.

For 40 years, traditional Medicare has been a stable insurance program for millions of Americans. Consequently, Medicare supplement plans have played a significant role alongside traditional Medicare. They work well together because they're simple, affordable and appropriately funded. Medicare beneficiaries like the coverage because generally they don't like change. They can keep their health care providers, know their plan design is constant, and have coverage anywhere in the U.S. No fuss.

## Five Questions to Ask Prospects About MA Plans

### 1. Have you talked with your health care providers about this MA plan?

### 2. Do you know how much four days in the hospital will cost you with an MA plan?

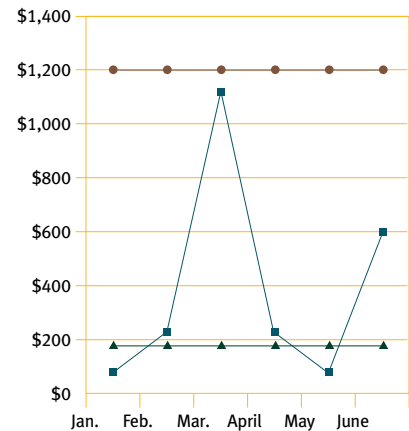
### 3. Have you budgeted for the unexpected out-of-pocket costs of an MA plan?

### 4. Do you know that the plan can drop you at any time?

### 5. Do you travel? Spend part of the year in another state? Want to see specialists?

## Budgeting for Health Care Expenses

No out-of-pocket surprises with Med supp



● SS Income  
▲ Med supp out of pocket and premium\*  
■ MA out of pocket and premium

Example includes Part B premium, four-day hospital stay, outpatient procedure and doctor visits. \*Does not apply to Plans K and L.

For more information:

Visit the Medicare supplement page  
on [mutualofomaha.com](http://mutualofomaha.com).

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Medicare Supplements and  
Medicare Advantage Plans:

## A Side-by-Side Comparison

Consumers' Questions	Medicare Advantage Plans	Medicare Supplements
How are the plans funded?	Medicare pays the Medicare Advantage Plan a fixed amount – based on the area's usual and customary charges for medical services – per enrollee to manage each member's care. Members also may be required to pay a Medicare Advantage Plan premium.	Policyholder premiums.
Do I continue to pay my Medicare Part B premium?	Yes.	Yes.
How can there be little or no premium for Medicare Advantage plans?	There may be a small premium initially, however, there are costs and they can go up annually.*  Historically, Medicare's reimbursements to the Medicare Advantage plans have not kept pace with medical inflation. This can lead to the plan raising premiums, increasing co-payments, decreasing benefits and dis-enrolling members every year.	No surprises. The benefit structure is locked in. You know what you're getting year to year. As Medicare deductibles and co-payments increase, so do your Med supp benefits.  Benefits don't decrease if plan premiums increase.
What does it cost me?	* Medicare Part B monthly premium * Monthly Medicare Advantage premium (possibly) * Monthly Medicare Advantage premium for the extra benefits chosen * Deductibles and co-payments	* Medicare Part B monthly premium * Monthly premium

\*Sixty-two percent of Medicare Advantage enrollees in basic plans pay a monthly premium in addition to the Medicare Part B premium.  
(Kaiser Family Foundation, 2003)

Consumers' Questions	Medicare Advantage Plans	Medicare Supplements
What does the plan cover?	At least what Medicare would cover plus some additional benefits not covered by Medicare. However, many services require you to cost share, increasing your out-of-pocket costs.	Medicare pays its portion of eligible expenses. Your Med supp pays the eligible expenses not paid for by Medicare.
Can I budget for my monthly health care expenses?	It's tough. You typically must pay when you go to the hospital or doctor, plus you may have a monthly plan premium.	Yes. You have a monthly premium and little or no out-of-pocket expenses whenever you need care.
Can my plan be cancelled?	Yes. Contracts between the government and the Medicare Advantage Plan are reviewed annually. The plan may not be renewed and can terminate its members.	No. Only you can cancel your plan by not paying the premium.
May I choose my hospital and care providers?	Typically, you choose from a network of providers, which can fluctuate.	Yes.
Is pre-certification or qualification required?	Yes. The plan usually requires pre-certification or qualification for some types of care. Penalties may apply if you don't follow the rules.	No.
Can I use hospitals and doctors everywhere?	Possibly not. Check the plan for details and termination provisions if you move out of the service area.	Yes.

# Dis Medicare Advantage Plans

Producer's Pocket Guide



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