Following the Medicare+Choice Trail:

Where it came from. Where it is going.

Part A. Part B. Part C? Deciphering the intricate world of Medicare+Choice can be a difficult and cumbersome task. The headlines have been filled with news of the recent HMO withdrawals, but, other than significant opportunities for UA Agents, what does it all mean? Sometimes to know where you are headed, you must first understand where you have been.

Background

The Medicare+Choice (M+C) program was created by Congress in the Balanced Budget Act (BBA) of 1997. The BBA established M+C under a new Part C of the Medicare program, and, generally, any individual entitled to benefits under Part A and enrolled in Part B is eligible for M+C. The first M+C plans became available in January 1999. Most HMO contracts with the federal Centers for Medicare & Medicaid Services (CMS) operate under Medicare+Choice. In the four years since M+C's establishment, over 1.7 million beneficiaries have been dropped from M+C plans.

Analysis

HMOs exiting from M+C point to excessive government regulation or low program payments as the reasons for their withdrawal. However, government representatives, such as Congressman Pete Stark (D-CA) argue, "Medicare+Choice plans want you to believe that to survive they must be paid more money, which the data does not support. In fact, most of the Medicare HMOs leaving the program are being paid close to the national average." Laura Dummit, an analyst for the Government Accounting Office, recently stated that *many plans leave* M+C *because of a combination of business decisions and administrative changes*. According to Ms. Dummit, "Plans may be paid too little for what they have been doing to attract beneficiaries, which is offering a more comprehensive benefit package beyond that authorized for fee-for-service beneficiaries, oftentimes for no premiums."

Impact

To date, with the exception of one provider-sponsored organization (PSO) and one private fee-for-service (PFFS), HMOs remain the primary alternative to traditional Medicare. As M+C plans continue to make benefit changes or withdraw from the Medicare market, beneficiaries will be left understandably confused. Neither insurers nor public agencies can keep up with the demand for information about alternative coverage. As the M+C program continues to struggle one thing is clear, traditional Medicare Supplemental insurance from UA will play an increasing role in the Medicare market.