



CALIFORNIA HEALTH ADVOCATES

Medicare Advantage (Part C): An Overview

Medicare Advantage is part of the Medicare program known as Medicare Part C. Medicare Advantage (MA) plans are an alternative to Original Medicare, which is also known as fee-for-service Medicare. MA plans are a form of coordinated or managed care health coverage. Insurance companies contract annually with Medicare to offer these plans to beneficiaries who choose to enroll. Medicare approves the MA plans and pays these companies an up-front monthly amount for each member's care. Joining an MA plan is optional, and their availability varies by county.

To enroll in an MA plan, you must have both Medicare Part A **and** Part B. If you join an MA plan, you will receive all Medicare-covered benefits through your plan. You are still on Medicare and still retain the full rights and protections as other Medicare beneficiaries.

Costs and Benefits

Most Medicare Advantage plans charge a monthly premium and may have extra benefits in addition to those provided in Original Medicare. You must continue to pay the Medicare Part B premium.

MA plans have different cost-sharing amounts than Original Medicare for the same benefits. For example, in Original Medicare, the beneficiary coinsurance for a doctor's visit is 20%, but an MA plan may charge a copayment instead, such as \$10 for a primary care visit and \$15 for a specialist visit. For certain services, namely kidney dialysis, chemotherapy and skilled nursing care, MA plans cannot charge more than the cost-sharing in Original Medicare.

Also, MA plans must establish an annual mandatory maximum out-of-pocket (MOOP) amount for all Medicare Parts A and B services. This maximum protects the beneficiary from paying more than the MOOP amount on a yearly

basis. For example, if your plan has a MOOP amount of \$9,100, once you have spent \$9,100 in deductibles, coinsurance and copayments for Part A and Part B benefits, the plan will then cover 100% of the Part A and Part B services you need the rest of the year. For 2024, Medicare set the mandatory MOOP at \$9,100, which means plans cannot have a higher MOOP amount, but they can have a lower MOOP amount, with a minimum of \$3,750. One exception is for Medicare Advantage PPO Plans. The MOOP for "in-network" services cannot exceed \$9,100, yet, for combined "in-network" and "out-of-network" services, the MOOP can be as high as \$13,650.

Since 2022, MA plans can offer a hospice benefit, though many still do not. If hospice coverage is not offered through an MA plan, members can still access it separately through Original Medicare.

Some MA plans offer Medicare prescription drug coverage (known as "MA-PD" plans), but other plans do not (known as "MA-only" plans). If you join an MA-PD plan, you cannot join a separate stand-alone Medicare Part D plan. (For more information, see our fact sheet "Medicare Part D: An Overview." You can also visit our Prescription Drugs section on our website at cahealthadvocates.org.) If you join an MA-only plan, you cannot join a stand-alone Medicare Part D plan.

Types of Plans

There are three types of Medicare Advantage plans offered in California in 2024:

1. Health Maintenance Organizations (HMOs)
2. Local Preferred Provider Organizations (PPOs)
3. Special Needs Plans (SNPs)

Again, if the type of MA plan you want is an HMO or PPO, you may not combine it with a stand-alone Medicare Part D plan. If you want

prescription drug coverage, you must choose an HMO or PPO with the Part D benefit. All SNPs include prescription drug coverage.

To find out which types of MA plans are available in your county, please contact your local Health Insurance Counseling and Advocacy Program (HICAP) at 1-800-434-0222.

Medicare HMOs

If you enroll in a Medicare HMO (*Health Maintenance Organization*), you are required to use doctors and facilities in the plan's network. You must choose a primary care doctor who manages your health care needs. To see a specialist in your HMO network, you must usually get a referral from your primary care doctor (except for OB-GYN). This requirement is waived for emergency care and urgent care visits.

If you want to see a doctor outside the HMO network and you do not have a pre-approved referral, you will be responsible for the cost. Most likely, neither the HMO plan nor Original Medicare will cover the cost.

Some HMOs offer a Point-of-Service (POS) option, which allows an enrollee to see doctors outside the HMO's network. However, HMOs usually charge for this option and may limit when you can use it.

HMOs are the most popular type of MA plan in California, but they are not always available in every county.

The State of California Office of Patient Advocate website has additional information and advocacy tools to help you understand your rights and get the most out of your plan, including health care quality report cards on health plans and medical groups: opa.ca.gov.

Medicare PPOs

Medicare PPOs (*Preferred Provider Organizations*), like the HMOs, have networks of providers. Unlike the HMOs, however, PPO members may see providers outside the network. If you see "out-of-network" providers,

the plan still covers you, but you pay higher cost-sharing than if you see "in-network" providers. In a PPO, you do not generally need a referral to see a specialist or any other out-of-network provider.

In 2024, there are only local PPO plans offered in California and no statewide PPO plans.

Medicare SNPs

Medicare SNPs (*Special Needs Plans*) are designed for certain populations. There are three types of SNPs:

1. C-SNP – for people with certain chronic or disabling conditions;
2. D-SNP – for people who are eligible for both Medicare and full Medi-Cal ("dual-eligibles"); and
3. I-SNP – for people in certain institutions (like a nursing home) or who still live at home but need the same level of care as someone living in a nursing home.

The goal of these plans is to provide coordinated health care and services to those who can benefit the most from the special expertise of the plans' providers and focused care management. All SNPs must provide Medicare prescription drug coverage; beneficiaries in a SNP cannot join a separate Medicare Part D plan. Most of these plans offer more benefits than Original Medicare.

How MA Plans Work

Medicare Advantage plans contract with Medicare on an annual basis. Medicare pays the plan a fixed monthly amount for each Medicare beneficiary who enrolls. This amount is readjusted each year and it varies from county to county. In turn, the plan must provide all benefits in Medicare Parts A and B. Based on the monthly amount it receives from Medicare, the plan takes the financial risk of providing all medically necessary services regardless of how many people use their services, how often services are provided, or how costly the services are.

MA plans may also choose to provide additional benefits not covered by Medicare, such as some

dental, hearing and vision coverage. Since 2022, many MA plans offer expanded supplemental benefits that no longer need to be primarily health related.

The three types of supplemental benefits that plans may offer are:

- **Standard** – These benefits are offered to all enrollees, but must be health related (i.e. vision, hearing and dental). Such benefits have been offered for years.
- **Targeted** – These primarily health-related benefits are offered to only to certain enrollees based on health or disease status.
- **Chronic** -- Special Supplemental Benefits for the Chronically Ill (SBCI) are offered to only qualifying chronically ill enrollees and are not primarily health related. Benefits include a variety of social supports, such as meal delivery, non-medical transportation, structural home modifications, air conditioners, pest control, etc.

Plans, however, may offer additional benefits not identified here. Therefore, make sure to thoroughly research all the benefits offered before enrolling to ensure you choose the best medical coverage available based on your needs.

While some of the new “social supports” benefits a plan offers may be enticing, you may not know for sure if you qualify until after enrolling in the plan. Make sure to carefully consider all aspects of a plan’s coverage and costs, network of doctors, etc. before deciding whether to enroll. You can review the benefit details in the plan member’s handbook.

Note: Because Medicare Advantage plans have annual contracts with Medicare, companies providing these plans may terminate a contract at the end of the year or renew it for the following year. If a plan renews, the costs and benefits may change. Enrollees in MA plans should review their plan’s costs and benefits every year. If you decide to change plans or return to Original Medicare, you may do so during the Annual Election Period, which is discussed below.

If a plan terminates at the end of the year, its members also have a Special Election Period to join another plan or go back to Original Medicare. For more information, see our fact sheet C-003 “When Medicare Advantage Plans Terminate Coverage.” You can also visit the Medicare Advantage section on our website.

Enrollment

To be eligible to enroll in an MA plan, you must have both Medicare Parts A and B. MA plans cannot impose a health screening, and you cannot be denied enrollment in an MA plan due to a pre-existing condition, including those diagnosed with End Stage Renal Disease (ESRD). Also, the plan’s premium must be the same for all beneficiaries regardless of health condition or age.

Note: If you have ESRD, a Medicare Advantage plan may impose a 20% co-insurance for dialysis until you reach the maximum out-of-pocket for the year. For more information, see our fact sheet “Medicare and People with End Stage Renal Disease.”

If you want to join an MA plan, you must reside in the plan’s service area and enroll during an applicable enrollment period. Medicare beneficiaries can enroll into MA plans during the following periods:

1. Initial Coverage Election Period (a 7-month period for people newly eligible for Medicare)
2. Annual Election Period (October 15 through December 7)
3. General Enrollment Period (January – March for people enrolling in Medicare Part A and Part B to take effect the first of the month following enrollment when their Medicare is effective)
4. Special Election Periods (specific time frames based on certain events)

For example, if you move out of your plan’s service area, you have a Special Election Period (SEP) (of up to three months) to disenroll from your plan and join a plan available in your new location. Another SEP allows you to enroll in a 5-star MA plan between December 8 and Nov 30 each year. Medicare releases plan performance ratings each fall for plans being

offered in the following calendar year. **Note:** there are no 5-star plans in California for 2024.

In addition, if you are unable to make needed coverage changes during a given Medicare election period due to a public health emergency and/or natural disaster, (such the recent **COVID-19 pandemic and/or wildfires**), you have a separate Special Election Period. This SEP starts at the beginning of the incident and ends 4 months later.

There are different ways to enroll. You may enroll directly with the plan, through a plan sales representative, or the plan's website. You can also call 1-800-MEDICARE or enroll through the Medicare website at [Medicare.gov](https://www.medicare.gov). The effective date of coverage depends on the period in which you enroll. If you have existing coverage, try to coordinate the end of that coverage with the effective date of the MA plan so you do not have a coverage gap.

Disenrollment

Similar to enrollment in an MA plan, disenrollment is also limited to certain periods:

1. Annual Election Period (October 15 – December 7 each year)
2. Medicare Advantage Open Enrollment Period: January 1 – March 31 each year.
3. Special Election Periods (depending on the situation, as mentioned earlier)

During the Annual Election Period or a Special Election Period: if you decide to change from one MA plan to another, enrolling in a new MA plan automatically disenrolls you from the current plan. If you are in an MA-PD plan and want to return to Original Medicare and continue prescription drug coverage, enrolling in a stand-alone Medicare Part D plan automatically disenrolls you from the MA-PD plan and returns you to Original Medicare. Or alternatively, if you are in a stand-alone Medicare Part D plan and wish to switch to an MA-PD plan, enrolling in the MA-PD plan automatically disenrolls you from the Medicare Part D plan.

Medicare Advantage Open Enrollment Period – MAOEP (January 1 – March 31)

The Medicare Advantage Open Enrollment Period allows you to change from one Medicare Advantage plan to another, or to leave a Medicare Advantage plan and return to Original Medicare and enroll into a stand-alone Part D prescription drug plan. This open enrollment period does not allow you to make any plan changes if you begin the year enrolled in Original Medicare.

- **If you're in an MA-PD**, you can either:
 - 1) Submit an enrollment request to the new MA-PD plan you're enrolling into.
 - 2) Submit a disenrollment request to your MA-PD plan and enroll in a Part D plan to return to Original Medicare, or
 - 3) Simply enroll in a Part D plan, which automatically disenrolls you from your MA-PD and puts you back into Original Medicare.
- **If you're in an MA-only plan**, you must first request disenrollment from your MA plan to trigger your right to return to Original Medicare and join a Part D plan.

If you want to get out of a Medicare Advantage plan, and you don't want to join another MA-PD or Medicare Part D plan, you must send a written request to the plan or call 1-800-MEDICARE during one of the enrollment/disenrollment periods mentioned above.

The effective date of your disenrollment depends on when the request for disenrollment is made.

Example 1: If you disenroll during the Annual Election Period, the change will be effective the following January 1.

Example 2: If you disenroll during the Medicare Advantage Open Enrollment Period, (January 1 – March 31), the change will be effective the first day of the following month.

If you are disenrolling from an HMO or SNP plan during any of the periods, you must continue to use providers and services in the plan's network

until the date your disenrollment becomes effective. If you use out-of-network providers before disenrollment is effective, the plan will not pay, and Medicare will not pay.

To summarize, Medicare Advantage plans are an alternative way to get your Medicare benefits. Joining an MA plan is optional. If you do not join an MA plan or you disenroll from an MA plan, you have Original fee-for service Medicare (Parts A and B). **Note:** if you want to disenroll from an MA plan and return to Original Medicare, see fact sheet B-005 for information regarding your rights to purchase a Medigap plan.

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This fact sheet contains general information and should not be relied upon to make individual decisions. If you would like to discuss your specific situation, call the Health Insurance Counseling and Advocacy Program (HICAP). HICAP provides free and objective information and counseling on Medicare and can help you understand your specific rights and health care options. You can call **1-800-434-0222** to make an appointment at the HICAP office nearest you.

Note: Online access to all CHA fact sheets on Medicare and related topics is available for an annual subscription. See cahealthadvocates.org/fact-sheets/.