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MEDICARE NEWS

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Medicare Advantage Premiums Fall, Enrollment Rises, Benefits Similar Compared to 2010 *Wide range of Medicare health and drug plan options continues in 2011*

The Centers for Medicare & Medicaid Services (CMS) announced today that, on average, Medicare Advantage premiums will be 1 percent lower in 2011 than today. The majority of Medicare beneficiaries, on average, enrolled in Medicare health and prescription drug plans this year should find little or no change in their benefits in 2011, in addition to seeing more drug plans offering coverage in the prescription drug coverage gap or “donut hole.” Medicare Advantage plans project that enrollment will increase by 5 percent in 2011. And, consistent with the Affordable Care Act, beneficiaries, in most Medicare Advantage plans and Original Medicare, will gain access to preventive benefits with no out of pocket costs.

"Despite the claims of some, Medicare Advantage remains strong and a robust option for millions of seniors who choose to enroll or stay in a participating plan today and in the future," said CMS Administrator Donald Berwick, M.D. "The Affordable Care Act gave us new authority to negotiate with health plans in a competitive marketplace. As a result, our beneficiaries will save money and maintain their benefits." "Even with the lower costs, all beneficiaries should take time this Fall to compare their current health and drug plan coverage with what's available and best meets their needs for next year," said Jonathan Blum, deputy administrator and director of CMS' Center for Medicare. "Medicare will continue to provide a wide-range of consumer tools to help beneficiaries make the best possible choice of coverage."

Virtually the same percentage of Medicare beneficiaries who have access to a Medicare Advantage plan today will have access to a Medicare Advantage plan in 2011: 99.7 percent. All Medicare beneficiaries will continue to have many prescription drug plans from which to choose.

As expected and, similar to the past five years, about five percent of non-employer beneficiaries enrolled in Medicare Advantage and stand-alone Prescription Drug Plans will need to choose a new health plan or Original Medicare in 2010 because their current plan is not renewing its contract with Medicare in 2011. Most of these ‘non-renewals’ occur because private fee-for-service (PFFS) plans made business decisions to leave Medicare in certain areas of the country, largely due to a 2008 law that ensures protections for beneficiaries enrolled in PFFS plans in certain areas of the country. All but 2,300 enrollees in Medicare Advantage plans that no longer participate in Medicare will have a choice of enrolling in a different plan. In 2010, 86 percent of beneficiaries whose plan no longer participated in Medicare joined a new Medicare Advantage plan.

CMS will continue to work with beneficiary advocates and State Health Insurance Assistance Programs (SHIPs) and send letters to beneficiaries to make sure they take the necessary steps to keep coverage that best meets their needs next year. Beneficiaries enrolled in plans that are not available next year will receive notice of the non-renewal from their plan in the next few weeks.

Beneficiaries who do not enroll in another health plan will receive medical coverage under Original Medicare, but must enroll in a Part D plan to keep their drug coverage. Beneficiaries eligible for the Part D low-income subsidy will be enrolled in a zero-premium drug plan if they do not select a plan. CMS recently announced that the average prescription drug plan premiums for 2011 will remain similar to 2010, increasing by only \$1 to \$30 per month.

Through the new tools provided to Medicare under the Affordable Care Act, and working closely with Medicare Advantage Organizations and Prescription Drug Plans, CMS took steps to:

- Protect beneficiaries from excessive increases in premiums and cost sharing through aggressive bid reviews;
- Consolidate low enrollment and duplicative plans so beneficiaries have meaningful differences between plans offered by the same organization;
- Set limits on out-of-pocket expenses;
- Cover preventive services with no cost sharing; and
- Limit plan cost sharing for skilled nursing care, chemotherapy and renal dialysis to the amounts paid by beneficiaries in Original Medicare.

The Affordable Care Act also provides some new benefits to Medicare beneficiaries in 2011 like free wellness visits, some new free health screenings, and a 50 percent discount on brand-name drugs for seniors who fall into the coverage gap. Beneficiaries should look for information about these benefits in their open enrollment materials. In addition, due to CMS negotiations with plans with excessive increases in premiums and cost-sharing, plans improved their benefits by \$13 per member per month (5 percent) on average. The average annual reduction of about \$155 per member per year for the 966,000 beneficiaries enrolled in these plans resulted in an estimated total savings for beneficiaries of \$150 million for 2011.

CMS is encouraging beneficiaries enrolled in Medicare Advantage and Medicare Prescription Drug plans to review their current health and drug plan coverage for any changes their plans may be making for 2010 before the annual enrollment period begins November 15. In addition to the 5-Star ratings on the Medicare Plan Finder at www.Medicare.gov, users will find an icon that shows those plans that had a low overall quality rating the past three years.

Beneficiaries should receive their 2011 *Medicare & You* handbook and find updated information at www.Medicare.gov and 1-800-Medicare in mid-October. Users of the Medicare Plan Finder, available at www.Medicare.gov, will be able to compare plans' quality summary rating from the previous year, identify which drugs may or may not be on a plan's formulary or be restricted, and compare the cost ranges for plans available in their community.

NOTE: 2011 plan landscapes are available at: <http://www.cms.gov/center/openenrollment.asp>.