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News

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MEDICARE ADVANTAGE / MEDICARE PART C PLANS

In recent months, many of you may have seen various articles concerning the pluses and potential minuses relating to Medicare Advantage Plans (also known as Medicare part C). A recent article was brought to our attention that questioned the advantage of Medicare Advantage plans over regular Medicare. While that article made some good points, we believe it was overly negative and, if you read it without proper context, it could lead to your questioning what CVSHealth provides us as retirees. The article in question, which appeared on numerous sources on the internet as well as in the Hartford Courant, is at the end of this section of this newsletter.

You may recall some of our past newsletters have addressed potentially misleading information contained in many advertisements and TV spots. An example of this is the “Zero deductible, Zero Copay, Zero Premium Plans” which seem to appear each year. As we did with that sort of article, we have asked our contacts at CVSHealth for their comments. Their comments shown below provide a better perspective of the positive features of Medicare Advantage plans.

CVSHealth Comments

“We prepared a response below and believe the type of Medicare plan that is best for an individual is a personal decision, unique to each individual/family. Decisions may be based on health status, geography, providers, budget/risk preferences, etc.

A good point to consider concerns medical underwriting requirements with MediGap plans that apply when a retiree enrolls after the initial enrollment period and if/when a retiree wants to switch from one MediGap plan to another.

Beyond that, there are additional considerations that may make a Medicare Advantage plan more attractive than a MediGap policy. None of these (or the medical underwriting requirement) are addressed in the article ARA sent us for comment, so we are making note of those points here.

- 1. Medicare Advantage plans include prescription coverage; MediGap plans do not. So, a retiree has the added responsibility and premium associated with researching and purchasing a Part D prescription plan as well.*

CVSHealth Comments (Continued)

2. *Besides prescription coverage, most Medicare Advantage plans include added benefits such as an annual physical exam, hearing, vision, Silver Sneakers, whereas most MediGap policies do not include these benefits.*
3. *Medicare Advantage plans combine coverage for medical, prescription, and additional benefits with one insurer/administrator, with fewer premium payments to keep track of and fewer member ID cards.
For example, a MediGap plan can require up to 4 premium amounts due to separate entities with separate ID cards for each:*
 - *Original Medicare Part B Premium (CMS)*
 - *Medigap Insurer*
 - *Part D Prescription Insurer*
 - *Dental / Vision / Hearing Insurer*
4. *The author of the article mentions that there is less doctor contact with Medicare Advantage plans. We don't think that is necessarily true. For example, most Medicare Advantage plans provide telehealth services to access docs with less wait times and Medigap plans typically do not. In addition, Medicare Advantage plans are managed care plans that have a higher degree of touch points and coordination, especially when referrals are needed. Docs will refer to a panel of network providers and are typically comfortable doing so. With MediGap plans that are unmanaged, more of the responsibility lies on the retiree/beneficiary at times. This can be a huge deal for a retiree that has a chronic condition and is in need of visits with multiple specialists.*
5. *The company sponsored Medicare Advantage plans include an additional layer of oversight / support provided by CVS on behalf of our retirees.*
6. *For all retirees that met the requirements and retired prior to 2007, CVS maintains earned retiree subsidies and allows them to be applied against our profit-less Medicare Advantage group plans. MediGap plans are fully insured plans with filed, full profit rates and retiree subsidies do not and cannot apply. Generally speaking, if you find a MediGap plan with similar coverage to our Medicare Advantage plans, it may cost you more. This is an important point to keep in mind when determining the correct plan for your family.”*

The article that triggered CVSHealth's response to ARA follows on page 3.

The Savings Game: The pitfalls of Medicare Part C

THE SAVINGS GAME JULY 11, 2022

Medicare Advantage plans often end up being costlier than Original Medicare plans.

If you watch television, it is hard to avoid the promotions for Medicare Advantage plans, known as Medicare Part C. These commercials suggest that if you are eligible for Medicare, you should be signing up for a Medicare Advantage plan. It is true that some individuals might benefit from a Medicare Advantage plan. However, you should be aware of the potential disadvantages.

David Bynon has written an informative ebook, “Why Medicare Advantage Plans Are Bad,” which, as the title suggests, discusses the disadvantages in depth. It’s well worth a read before you decide to buy any Medicare Advantage plan, consider reading his book. (He also blogs on the subject at medicarewire.com). I will discuss some of his points below.

Once you reach 65, you are eligible to sign up for Original Medicare. If you have sufficient Social Security credits, you will be automatically enrolled in premium-free Part A (hospital insurance), and you will also be eligible to sign up for Part B (outpatient medical insurance); the monthly cost will vary based on your income going back two years.

If you sign up for Part B with Original Medicare, you will be covered for 80% of eligible medical costs after you meet your deductible. However, you can buy what is known as Medigap coverage to cover the remaining 20%. This coverage is very important because if you have serious health conditions or you need hospital coverage, 20% of medical costs can be significant. Without Medigap coverage, there is no limit to your possible expenses with Original Medicare.

Once you reach 65 and are enrolled in Part B, you will only have a limited amount of time to enroll in a Medigap plan. If you don’t enroll in that period, or if you enroll in a Medicare Advantage plan instead of Original Medicare, you may not be able to enroll in a Medigap plan later. This is crucial. If you decide at any time to enroll in a Medicare Advantage plan, you can’t be guaranteed that you can obtain a Medigap plan.

With a Medical Advantage plan, you may pay the plan’s premium in addition to the monthly Part B premium. Plans may have a zero premium or may help pay all or part of Your Part B premiums.

Bynon’s book itemizes some of the disadvantages of Medicare Advantage plans:

—Multiple copays: You have a copay with your primary care medical facility. When you are referred to a specialist, you have another copay. You also have copays for lab tests and diagnostic tests.

The Savings Game: The pitfalls of Medicare Part C (Con't)

Medicare/Medigap. For example, an inpatient event under a Medicare Advantage plan could run you hundreds of dollars for ambulance costs, medications, physicians and specialists, lab tests, and diagnosis. A single hospital admission could easily cost more than the annual cost of a Medigap policy.

—Less doctor contact: Because primary care facilities receive a flat fee associated with Medicare Advantage plans, the result is that you are much more likely to receive medical service from a nurse practitioner than a physician.

—Referrals: According to the Kaiser Family Foundation, many plans control costs by using referrals, requiring prior authorization to specialists. Specialists require an additional copay.

—Plan changes to benefits/costs: Insurers are allowed to change benefits, costs and provider networks each year. Monitor these changes each year to determine if you should change coverage. However, if you change your plan, you may not be able to be covered by Medigap coverage.

—Budget uncertainty: With Medicare Advantage plans, you can't predict your yearly medical costs, such as for an unplanned hospital incident. With Original Medicare/Medigap, you know in advance what your yearly medical expenses will be.

—Limited selection of doctors/providers: Your choice of doctors and other providers is limited. Some plans won't cover services from providers outside the plan's network and service area.

Bynon believes that Medicare Advantage plans could be advantageous for individuals who are healthy and expect minimum use of medical support. However, if you have chronic health conditions, he recommends Original Medicare with a Medigap supplement.

If you want more details regarding Medicare Advantage plans, visit [Medicare.gov/plan-compare](#). To become more educated regarding Medicare, visit Bynon's website at [medicarewire.com](#).

(Elliot Raphaelson welcomes your questions and comments at raphelliot@gmail.com.)

We hope the information above is timely and helpful for you when you begin making benefit choices for 2023. In that regard, as we have done for many years, ARA will be meeting with CVSHealth in September to discuss the new benefits and rates for 2023. As always, after that meeting, we will report to you via a Newsletter, probably in late September or early October.

As you communicate with a retiree, retiree group or a colleague, we encourage you to provide them with information and the benefits of joining ARA. Please refer any prospective members to our website at www.aetnaretirees.com for additional information and an application form. Further, you may encourage prospective members to contact any Board Member for additional information. If, however, a retiree or colleague does not wish to become an active member and would still like to hear what we are doing, please have them state “communications only” on the application. We will send them our communications.

CONTACT ARA!

We welcome your comments, questions, ideas and letters to the editor. See mail and website addresses on page 1.

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