
Medicare Part C – Medicare Advantage

The original Medicare program, created in 1965, consists of Part A (hospital insurance) and Part B (medical insurance) and operates as a “fee-for-service” system. Under this program, a Medicare beneficiary can go to any physician or health facility nationwide which accepts Medicare payments.

An Alternative To Traditional Medicare

In 1997, the federal government created, as Medicare Part C, the Medicare+Choice program. This new program was designed to give Medicare beneficiaries access to a wide array of more cost-effective, private health plan choices, as an alternative to the traditional Parts A and B. In 2003, Medicare+Choice was renamed as “Medicare Advantage”, as part of the Medicare Prescription Drug, Improvement, and Modernization Act.

Options Under Medicare Advantage

In general, each Medicare beneficiary is entitled to choose to receive benefits through either the original Medicare fee-for-service program under Parts A and B or through a Medicare Advantage plan. The Medicare Advantage options include:

- Health Maintenance Organizations (HMO) plans
- Preferred Provider Organization (PPO) plans
- Private Fee-for-Service (PFFS) plans
- Special Needs Plans (SNPs)
- HMO Point-of-Service (HMOPOS) plans
- Medical Savings Account (MSA) plans

Benefits Under Medicare Advantage

Medicare Advantage plans are required to provide the same benefits that are covered under the traditional fee-for-service plan, except for hospice care; original Medicare will cover the cost for hospice care. Most Medicare Advantage plans offer extra coverage, for example vision, hearing, dental, and other health and wellness programs. Most include Medicare prescription drug coverage (Part D). In addition to the Part B premium, an enrollee in a Medicare Advantage plan may have to pay an additional monthly premium.

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Medicare Advantage plans have a yearly limit on an enrollee's out-of-pocket costs for medical services. Once this limit is reached, an enrollee will pay nothing for covered services. Each plan has a different limit and the limit can change from year to year.

Making a Choice

Once a plan has been elected, that choice will remain in effect until the beneficiary changes it or the plan chosen no longer services the area in which the beneficiary resides.¹ If a beneficiary fails to make an election, he or she will remain in the traditional fee-for-service program.

- **Initial Medicare eligibility:** A beneficiary may enroll in a Medicare Advantage plan when he or she first becomes eligible for Medicare (the Initial Enrollment Period). Such an individual may change to another Medicare Advantage plan or go back to original Medicare within the first three months of having Medicare.
- **Annual open enrollment:** An annual open enrollment takes place each fall, from October 15 through December 7. Elections made during this open enrollment period take effect on January 1st of the following year.
- **General enrollment period:** From January 1- March 31, if a beneficiary has only Part A coverage, and then gets Part B coverage, the individual has the option to join a Medicare Advantage plan, with coverage generally beginning on July 1.
- **Medicare Advantage open enrollment period:** Between January 1-March 31 each year, a beneficiary can make certain changes: (1) switch from one Medicare Advantage plan to another Medicare Advantage plan; and (2) disenroll from a Medicare Advantage plan and return to original Medicare. If a beneficiary chooses to do so, her or she will be able to join a Medicare Prescription Drug plan; the beneficiary may not be able to buy a Medigap policy.
- **Special enrollment periods:** A beneficiary may be able to join, switch, or drop a Medicare Advantage Plan during a Special Enrollment Period. Examples of this are: (1) the beneficiary moves out of the plan's service area; (2) the beneficiary has (or loses) Medicaid; (3) the beneficiary qualifies for (or loses) Extra Help paying certain expenses; and (4) the beneficiary lives in an institution such as a nursing home.

¹ Not all Medicare Advantage options are available in all geographical areas.

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- **5-Star special enrollment period:** A beneficiary may change to a Medicare Advantage Plan that has five stars for its overall star rating from December 8 to November 30. A beneficiary may only use this Special Enrollment Period once during this timeframe.
- **Medigap “trial” rights:** A beneficiary who joins a Medicare Advantage plan for the first time, and who later decides that the plan isn’t right for him or her, has special rights, a “trial right,” to buy a Medigap policy. This right applies if the beneficiary returns to original Medicare within 12 months of joining the Medicare Advantage plan.

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