



Medicare Rights Center

**PROPOSAL TO RESTRUCTURE AND
IMPROVE COUNSELING
AND EDUCATION FOR
MEDICARE CONSUMERS**

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INTRODUCTION

For decades, Medicare has provided older adults and people with disabilities with security in their health coverage, despite the program's complicated rules surrounding enrollment, benefits and coverage. The addition of the drug benefit (Part D) and its Extra Help program, and the expansion of the Medicare Advantage program (Part C), with its numerous and varied health plan options, have increased the complexity of Medicare. The vast number of plan choices in Parts C and D has left many consumers and their caregivers overwhelmed, unable to discern which plan options are best for them. The results of this confusion leave some with insufficient or inappropriate coverage, saddled with unaffordable medical bills or unable to obtain needed health care.

This complexity has increased the need for accurate information for consumers. Despite the need, most people with Medicare do not have access to understandable information or to effective assistance for making sound choices about their health care options. Today, consumers largely rely on plan marketing materials that are more promotional than educational and often misleading.ⁱ Consumers looking for unbiased information must turn to tools sponsored by the Centers for Medicare & Medicaid Services (CMS) under its National Medicare & You Education Program. These tools—1-800-Medicare, the *Medicare & You* annual handbook, and the Medicare.gov website—have severe shortcomings:

- The primary resource, 1-800-Medicare, does not meet the demand for clear information required by the increasingly complex choices available in Medicare. This telephone resource has unacceptably long wait times. Customer service representatives often give incorrect or incomplete answers and are themselves unable to navigate the maze of Medicare choices and issues.
- Each year, CMS mails the *Medicare & You* handbook to every Medicare beneficiary, but it is too long for many consumers and fails to provide clear answers to key questions people with Medicare have about their coverage.
- Medicare.gov and the web-based Plan Finder tool are among the best available consumer resources to compare health and drug plan options, even though the information provided is often incomplete and inaccurate. However, because of the number and variety of benefit options, they are often difficult to navigate and overwhelming to the consumer.

CMS must overhaul its Medicare education and counseling program to make it meaningful for consumers. A new approach must be guided by the following objectives:

1. **Congress and the Administration must standardize Medicare Advantage and drug plan choices to permit informed choice and eliminate wasteful spending;**
2. **CMS must create organizational structures that are attuned to and accountable for the educational and counseling needs of beneficiaries;**
3. **CMS must harness the experience and resources of community and advocacy organizations, including State Health Insurance Assistance Programs (SHIPs), and better equip them to serve beneficiaries; and**

4. **CMS must move toward greater reliance on dynamic, interactive web-based education and counseling resources and reduce dependence on 1-800-Medicare.**

1. CONGRESS AND THE ADMINISTRATION MUST STANDARDIZE MEDICARE ADVANTAGE AND DRUG PLAN CHOICES TO PERMIT INFORMED CHOICE AND ELIMINATE WASTEFUL SPENDING

People with Medicare have a number of options for how they receive their Medicare coverage. For beneficiaries without Medicaid or retiree coverage, the choice of health coverage is generally between Original Medicare (with or without a Medigap supplemental plan) and a Medicare Advantage plan. Beneficiaries who choose Original Medicare can purchase a stand-alone drug plan to receive drug coverage, while Medicare Advantage enrollees generally receive drug coverage through their Medicare private plan. People with both Medicare and Medicaid coverage face the same array of plan choices and, in addition, must determine how Medicaid coverage coordinates with the Medicare Advantage plan's provider network and benefit structure. Individuals with retiree coverage also confront the complexities of the market; an inappropriate decision to sign up for a drug or Medicare Advantage plan can lead to the loss of retiree coverage, sometimes irrevocably.

Although Medigap insurance is standardized, there are no limits on the variety of benefit packages provided by Medicare private health plans (HMOs, PPOs, private fee-for-service plans and Medical Savings Accounts) and stand-alone drug plans. The lack of standardization has led to an increase in the number of health plans offered by the same sponsor.ⁱⁱ As a result, consumers in most regions of the country must evaluate the benefit packages of more than 50 stand-alone drug plans and an equal or greater number of Medicare Advantage plans.ⁱⁱⁱ Making a wrong choice can lead to unaffordable costs and impeded access to medical care.

The number and complexity of health plan options make it impossible to make apples-to-apples comparisons of the plans^{iv} and greatly complicate the challenge of educating and counseling Medicare consumers. In addition, the lack of standardization has sowed confusion among beneficiaries and fueled abusive marketing practices similar to those that prevailed before Medigap was standardized by Congress.^v

At the same time, the excessive number of plans has led to an increase in CMS's administrative costs for the National Medicare & You Education Program. The cost of including the multiple plan options in the yearly handbook, the large seasonal spikes in call volume for 1-800-Medicare and the increased amount of time required to provide callers with advice on plan selection represent external costs from the unrestrained proliferation of plan options. Standardizing Medicare Advantage plans and stand-alone drugs plans will make it both easier for people to make adequate comparisons among plan options and allow CMS to develop cost-efficient and useful Medicare education and counseling resources. The relatively limited array of choices and ease of plan comparison under the Federal Employees Health Benefits Program and under Massachusetts's Commonwealth Connector should serve as models for a simplified, standardized market for Medicare plan options.

Recommendation:

CMS should convene a panel of experts, including CMS staff, health policy professionals, consumer representatives, state representatives and plan representatives to establish a limited number of standardized benefit packages for Medicare Advantage and prescription drug plans.^{vi}

2. CMS MUST CREATE ORGANIZATIONAL STRUCTURES THAT ARE ATTUNED TO AND ACCOUNTABLE FOR THE EDUCATIONAL AND COUNSELING NEEDS OF BENEFICIARIES

In recent years, CMS has lost its focus on meeting the educational needs of people with Medicare. CMS has instead focused its attention on the implementation of new programs such as Part D, as well as to the expansion of Medicare Advantage and to substantial changes to a range of programs in Original Medicare. There is no longer a Center for Beneficiary Services within CMS that is responsible for ensuring that Medicare beneficiaries are represented at the executive level; this function has been scattered across the agency and the Center's focus is now health and drug plan policy and operations. An unintended consequence of these changes is that CMS's policies, educational materials, and support services often fail to take beneficiaries' needs into account. CMS's policy and education initiatives, and its attention in general, are focused on the concerns of providers, health plans and states, and are largely divorced from day-to-day beneficiary concerns. All offices within CMS are involved to some degree in the Medicare program, but no single office is responsible for meeting the information and education needs of Medicare beneficiaries.

The dispersion of responsibility for addressing beneficiaries' needs has led to inconsistent messaging from CMS about its policies and prevents overall accountability for consumer education. The content for the comparative information section in the Medicare Plan Finder on Medicare.gov, the standardized marketing materials from plans, and much of the plan coverage and appeals policies affecting consumers are developed by the Center for Drug and Health Plan Choices, which oversees and interacts with plan sponsors but has little contact with Medicare consumer groups who could offer insight into how Medicare policies might affect consumers. The Office of Beneficiary Information Services manages Medicare.gov (including the Plan Finder tool), 1-800-Medicare scripts and training for consumer service representatives, while the Office of External Affairs directs production of the *Medicare & You* handbook as well as other communications for the general public and the media. The Office of External Affairs also maintains relations with other governmental agencies and external stakeholders, including providers, SHIPs and advocacy organizations, and houses the Office of the Medicare Ombudsman, which is charged with serving as a proactive watchdog for consumer interests within the agency.

Recommendations:

To make sure that beneficiaries' concerns are heard at the highest levels within CMS, CMS should create an executive-level office with a clear mandate for ensuring that there is a "voice" representing beneficiaries' concerns and needs, and for coordinating and integrating communications and education for beneficiaries and their advocates. This office should:

- *Represent the interest of beneficiaries in development and implementation of policy and operational decisions affecting them;*
- *Manage all education and counseling services conducted by CMS and its contractors;*
- *Ensure that marketing and educational materials from Medicare Advantage and prescription drug plans and other providers are accurate and understandable;*
- *Ensure that consumers receive clear, consistent information explaining policy changes in a timely fashion; and*
- *Develop and fully integrate partnerships with SHIPs and Medicare consumer groups into its education mission.*

3. CMS MUST HARNESS THE EXPERIENCE AND RESOURCES OF COMMUNITY AND ADVOCACY ORGANIZATIONS AND BETTER EQUIP THEM TO SERVE BENEFICIARIES

CMS has not established relationships with SHIPs and other beneficiary groups providing counseling services to people with Medicare that allow the on-the-ground experiences of these organizations to inform the agency's broader educational and policy initiatives. CMS is not organized to provide direct services to beneficiaries; its funding for one-on-one beneficiary contact is concentrated in the 1-800-Medicare toll-free line. This approach is not only inefficient; it has no sustained benefit in the beneficiary's community. In contrast, SHIPs, as well as other consumer organizations, are mission-driven to work directly with people with Medicare, and to provide unbiased counseling and advocacy in resolving complex problems. These organizations are the local access point to the Medicare program for millions of beneficiaries providing state-specific information on Medicaid and other low-income programs, as well as enrollment rules for Medigap supplemental plans.

CMS provided \$54.3 million in funding in Fiscal Year 2008 for SHIPs to provide local education and counseling services for people with Medicare. This level of funding does not meet the pressing need for one-on-one counseling. This funding pales in comparison to the resources devoted to 1-800-Medicare (an estimated \$268.5 million in 2009^{vii}). In addition, hard-to-reach populations, including people with low literacy, speakers of languages other than English, and people with cognitive impairments, often need the services of specialized community-based organizations that now receive no CMS funding. Because community-based organizations primarily rely on philanthropic funds and in many cases employ volunteers to deliver services, providing adequate resources to these organizations can be a cost-efficient way of delivering counseling services that are more effective than those provided through 1-800-Medicare.

Medicare consumer groups have already demonstrated their expertise. When given the opportunity to comment on *Medicare & You*, groups have improved the handbook's usefulness, making it simpler and ensuring it included information helpful to consumers making health care choices. Further improvements should update *Medicare & You* to reflect the increased role of private plans, and also include versions in languages other than English and Spanish by providing translations into

the languages most often used by people with Medicare.^{viii} The resources of community-based organizations should be employed in reviewing these translations.

The absence of an office dedicated to beneficiary education and counseling has prevented the SHIPs and consumer advocates from establishing an ongoing working relationship with CMS that allows these groups to provide feedback about policies and materials that impact beneficiaries. CMS is explicitly organized to work with some of its constituent groups—providers, health plans and state governments—about policies that affect them; there is no parallel institutionalized path of communication with beneficiaries or their representatives.

Recommendations:

1. *CMS should increase funding to SHIPs and initiate funding to community-based groups to make Medicare education and counseling more relevant and helpful to consumers. In addition to appropriations, monies may be raised by increasing the user fee assessed on Medicare drug and Medicare Advantage plans to support SHIPs and community-based organizations for the time spent on counseling about plan selection, appealing plan coverage decisions, and advocating for victims of abusive marketing.*
2. *To integrate the work of SHIPs and Medicare consumer groups in Medicare education and counseling efforts, CMS should request that Congress create a quasi-governmental body that would include both public and private representatives, similar to the National Quality Forum, which would:*
 - *Help CMS produce consumer-friendly, useful, and relevant educational materials; and*
 - *Help CMS anticipate and gauge the effect of policies on beneficiaries.*

4. CMS MUST MOVE TOWARD GREATER RELIANCE ON DYNAMIC, INTERACTIVE WEB-BASED EDUCATION AND COUNSELING RESOURCES AND REDUCE DEPENDENCE ON 1-800-MEDICARE

Currently, the primary source of consumer education and counseling is 1-800-Medicare. Estimated to cost \$268.5 million^{ix} in 2009, the toll-free line remains unable to meet current demand effectively. The surge in Medicare enrollment due to aging baby boomers will make this model of consumer education and counseling financially unsustainable. It is imperative that CMS begin decreasing reliance on 1-800-Medicare and develop additional cost-effective, internet-based resources. (Total spending on internet resources is projected to be \$18.4 million in 2009.^x)

Three elements are required to effect this transition. Simplifying and standardizing Medicare plan choices should substantially reduce demand for one-on-one counseling. Increasing the capacity for SHIPs and community-based organizations can fill the need for counseling that is unmet by 1-800-Medicare, particularly for consumers without access to the internet. The third element requires CMS to make available consumer-oriented, easy-to-navigate and understandable information and counseling through dynamic, web-based tools.

The web's unique capabilities make it well-suited to address Medicare's future consumer education challenges. Seventy percent of the generation aging into Medicare over the next decade are internet users; 81 percent of these users go to the internet for health information.^{xi} The web could serve as a central repository of comprehensive information for Medicare beneficiaries, caregivers, and health professionals. While Medicare.gov needs significant redesign to make it more accessible to consumers seeking answers, much of the information needed to create comprehensive, dynamic, unbiased web-based education and counseling resources already exists. In addition to the 1-800-Medicare scripts and the information in *Medicare & You*, many nonprofits, SHIPs, and advocacy groups have been devoting extensive time and energy creating print and online materials that are geared towards consumers. These materials could be used to provide consumer-focused, up-to-date Medicare information that is easily accessible online.

Similarly, because web-based tools are easy to access and portable, they could help expand the ranks of persons who can advise beneficiaries about their health care choices beyond SHIP counselors and other advocates who now serve people with Medicare. Web-based tools can equip community-based organizations, health care providers, and other health professionals to assist beneficiaries in understanding their Medicare options. A majority of adults over 73 do not use the internet and substantial minorities of younger beneficiaries are also not online.^{xii} For these individuals, as well as for populations with cognitive impairment, there is no substitute for one-on-one counseling by caregivers and providers, counselors with SHIPs and other community-based organizations and operators at 1-800-Medicare. Enhanced web-based tools and information will be crucial to making this counseling effective.

Combining accessible consumer information with the existing online tools—MyMedicare.gov and the Plan Finder tools—would allow for a powerful interactive resource. People with Medicare could make choices about their health coverage with easy access to consumer guides that help them make the best choices. Data from individual beneficiary profiles could be used not only to populate plan finder searches, but also to target groups with education messages. For example, targeted emails could be sent to people with Medicare reminding them about available preventive services, encouraging them to consider their options during the Annual Coordinated Election Period, or informing them about opportunities to enroll in Medicare Savings Programs and Extra Help. As Medicare moves toward value-based purchasing, particularly as evidence is developed on the comparative effectiveness of alternative treatments, web-based tools will become a valuable source for authoritative information for consumers and their counselors that cannot be replicated by customer service representatives on 1-800-Medicare, no matter how well trained they are. The dynamic nature of the internet can better ensure that the information is kept up-to-date.

Recommendation:

CMS should move from dependence on 1-800-Medicare and develop a model that combines web-based education with counseling from community-based organizations and SHIPs.

CONCLUSION

CMS's current model for providing consumer education couples an overly complicated market for Medicare Advantage and prescription drug plans with reliance on poorly equipped 1-800-Medicare operators to help guide consumers' choices. This model is unsustainable as the Medicare population grows and the cost of a responsive toll-free line increases. By standardizing plan options and simplifying consumer choices, improving web-based tools and leveraging community-based resources for counseling, CMS can greatly improve consumers' experience with Medicare in a cost-effective manner. Building the capacity of SHIPs and community-based organizations to serve Medicare beneficiaries will allow improved delivery of individualized counseling services, particularly for hard-to-reach populations, even as CMS begins to shift toward web-based education and counseling. The new leadership at CMS also needs to make an organizational commitment to improving beneficiary education and counseling. We believe this requires the establishment of a new center or office devoted to beneficiary education to focus responsibility and accountability for the information Medicare consumers receive through all channels. This heightened organizational focus on consumer education will be even more essential as CMS seeks to reform the delivery of health care services to emphasize evidence-based medicine and care coordination.

ENDNOTES

ⁱ See California Health Advocates and Medicare Rights Center, *The Reluctant Regulator: Centers for Medicare and Medicaid Services' Response to Marketing Misconduct by Medicare Advantage Plans* (July 2007), available at http://www.medicarerights.org/pdf/Reluctant_Regulator.pdf. See also, MedPAC, *Report to the Congress: Increasing the Value of Medicare*, Ch. 8 (June 2006), available at http://www.medpac.gov/publications/congressional_reports/Jun06_EntireReport.pdf

(finding that the second most common source of advice about Medicare drug plans comes from insurance agents and insurance companies, and the most common source is family and friends); Xiaomei Cai et al., *Pitching Private Medicare Plans: An Analysis of Medicare Advantage and Prescription Drug Plan Advertising*, Henry J. Kaiser Family Foundation (September 2008), available at <http://www.kff.org/medicare/upload/7805.pdf> (finding that plans' advertising materials tend to omit critical information that affects access to care and choice of providers); General Accounting Office (GAO), *Medicare Part D: Opportunities Exist for Improving Information Sent to Enrollees and Scheduling the Annual Enrollment Period* (December 2008), available at <http://www.gao.gov/new.items/d094.pdf> (concluding that CMS's Model 2009 Combined Annual Notice of Coverage (ANOC)/Evidence of Coverage (EOC), used by plans to inform enrollees about benefit changes for the following year, was too complicated and dense and did not effectively explain drug plan information to beneficiaries).

ⁱⁱ National Association of Insurance Commissioners, *Draft White Paper on the Regulation of Medicare Private Plans* (April 29, 2008), available at http://www.naic.org/documents/committees_b_senior_issues_medpp_white_paper.pdf.

ⁱⁱⁱ GAO, *Medicare Part D: Opportunities Exist for Improving Information*. supra note i; Ellen O'Brien and Jack Hoadley, *Medicare Advantage: Options for Standardizing Benefits and Information to Improve Consumer Choice*, The Commonwealth Fund (April 2008), available at http://www.commonwealthfund.org/usr_doc/OBrien_Medicare_Advantage_options_1117_ib.pdf?section=4039.

^{iv} See Geraldine Dallek and Claire Edwards, *Restoring Choice to Medicare+Choice: The Importance of Standardizing Health Plan Benefit Packages*, Commonwealth Fund (October 2001), available at http://www.commonwealthfund.org/usr_doc/dallek_m+cchoice_490.pdf?section=4039; Judith Hibbard et al., *An Assessment of Beneficiary Knowledge of Medicare Coverage Options and the Prescription Drug Benefit*, AARP Public Policy Institute (May 2006), available at http://assets.aarp.org/rgcenter/health/2006_12_medicare.pdf.

^v The Medicare Rights Center and California Health Advocates, *Informed Choice: The Case for Standardizing and Simplifying Medicare Private Health Plans* (September 2007), available at http://www.medicarerights.org/pdf/Informed_Choice.pdf.

^{vi} The Medicare Rights Center, *Improving the Medicare Program for Beneficiaries: Administrative Recommendations for the Incoming Administration* (November 2008), available at http://www.medicarerights.org/issues-actions/Obama_Administration_Transition_Memo.pdf.

^{vii} U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services Fiscal Year 2009 Justification of Estimates for Appropriations Committees, available at: <http://www.cms.hhs.gov/PerformanceBudget/Downloads/CMSFY09CJ.pdf>.

^{viii} This approach is the same as that set out in § 118 of the Medicare Improvements for Patients and Providers Act (MIPPA) for the model Medicare Savings Program application.

^{ix} Fiscal Year 2009 Justification, supra note vii.

^x Fiscal Year 2009 Justification, supra note vii.

^{xi} Sharon Jayson, "From Business to Fun: What Different Generations Do Online," *USA Today* (January 28, 2009), available at http://www.usatoday.com/tech/webguide/internetlife/2009-01-28-online-generations_N.htm

^{xii} *Id.*