

# Comparing Original Medicare and Medicare Advantage

Around half of people with Medicare get their health coverage from Original Medicare (OM) and the other half from Medicare Advantage (MA), also known as a Medicare private health plan or Part C. Individual needs, preferences, and priorities typically guide these enrollment choices. Below are key OM-MA alignments and differences that beneficiaries often consider when deciding between the two coverage pathways.

## Key Alignments

### Original Medicare and Medicare Advantage

- **Initial Enrollment.** MA is an option for people who are enrolled in both Part A (inpatient/hospital coverage) and Part B (outpatient/medical coverage). People can join an MA plan when they are first eligible for Medicare during their Initial Enrollment Period, or if they enroll later during either a Special Enrollment Period or the General Enrollment Period.<sup>i</sup>
- **Coverage Changes.** Typically, a beneficiary can only change from one MA plan to another or switch between MA and OM (or vice versa) during specific times each year.<sup>ii</sup> This can effectively “lock in” an individual’s coverage choice for up to one year.
- **Medicare Benefits.** OM includes Part A and Part B. MA plans must also cover these services, but may apply different rules, costs, and restrictions.
- **Prescription Drugs.** MA and OM enrollees can both access Part D prescription drug coverage. People in OM can purchase a stand-alone private drug plan (PDP). Most MA plans offer drug coverage as part of the plan (MAPD); a small number of MA enrollees may purchase a separate PDP.
- **Low-Income Assistance.** Financial assistance is available to help people with OM and MA better afford their coverage and care:
  - **Health Care** — Medicaid can help people with very low incomes and assets pay their Medicare costs, like premiums, copays, and deductibles. It also covers services Medicare does not, such as dental care and transportation to medical

appointments.<sup>iii</sup> Those who don't qualify for Medicaid but are still struggling to pay for care may be eligible for the state-administered Medicare Savings Programs (MSPs), which often have more generous income and asset limits than Medicaid.<sup>iv</sup> MSPs pay enrollees' monthly Part B premium and may cover deductibles and coinsurances as well.

- **Prescription Drugs** — People with Part D, whether through a PDP or an MAPD, may qualify for the federally-funded and -administered Low-Income Subsidy (LIS). Also called Extra Help, this program can considerably lower an enrollee's out-of-pocket drug costs considerably.<sup>v</sup> Some states also offer help with prescription drug affordability through State Pharmaceutical Assistance Programs (SPAPs)<sup>vi</sup> that may have additional eligibility requirements.<sup>vii</sup>
- **International Travel or Living Abroad.** In general, care is not covered by either OM or MA for those traveling or living abroad. People with OM can purchase Medigap supplemental insurance that covers some emergency care outside the United States.

## Key Differences

### Original Medicare and Medicare Advantage

- **Choice of Provider.** Most doctors in the country take Medicare, allowing OM enrollees to see the provider or specialist of their choice without network considerations or referrals. MA plans typically have network restrictions that can limit enrollee access to providers in the plan's network. Determining what providers are in-network can be difficult; MA networks can change at any time, and provider directories are unreliable.<sup>viii</sup> MA plans may also require referrals and impose utilization management requirements like prior authorization on specialist services or even routine care.<sup>ix</sup>
- **Annual Coverage Changes.** Since plan benefit packages, costs, and coverage rules, as well as an enrollee's health needs and individual circumstances, can change from year-to-year, all MA and Part D enrollees are encouraged to assess their coverage annually and to make any coverage changes during Fall Open Enrollment, which runs from October 15 to December 7. MA enrollees can also switch from one MA plan to another, or to OM, during the Medicare Advantage Open Enrollment Period. It occurs each year from January 1 through March 31.
- **Access to Medigap.** Medigap policies can help OM enrollees pay their out-of-pocket Medicare costs, including deductibles, coinsurances, and copayments, often reducing cost-related problems.<sup>x</sup> People with MA are not eligible to purchase Medigap supplemental insurance. Although there are federal annual enrollment periods that allow beneficiaries to change MA plans, there are no similar national-level Medigap enrollment flexibilities. States can offer additional protections, but affordable Medigap

access is typically only guaranteed during very limited times.<sup>xi</sup> This can be a barrier to switching from MA to OM.

- **Costs.** People with OM are typically responsible for Medicare premiums and coinsurance for any covered services they receive after meeting their deductibles.<sup>xii</sup> MA enrollees are also responsible for the Medicare Part B premium, but MA plans can apply different cost-sharing than OM. Most require deductibles and copayments; they may also assess an additional monthly premium.<sup>xiii</sup>

## Medicare Costs in 2023

	Original Medicare	Medicare Advantage
Part A Premium	\$0/month for most beneficiaries <sup>xiv</sup>	\$0/month for most beneficiaries
Part B Premium	\$164.90/month	Part B premium (\$164.90/month) Possible additional premium, depending on plan
Deductible	\$226 for Part B-covered services \$1,600 at beginning of benefit period for Part A-covered inpatient hospital stay <sup>xv</sup>	Depends on plan
Coinsurance and/or Copay	20% coinsurance for Part B-covered services Daily coinsurance after day 60 in a hospital or day 20 in a skilled nursing facility	Depends on plan

- **Out-of-Pocket Limit.** Since 2011, federal rules have required MA plans to limit annual enrollee costs for services provided under Parts A and B. In 2023, this cap is \$8,300 for in-network services, though plans have the flexibility to set a lower threshold.<sup>xvi</sup> After an enrollee’s spending reaches the plan’s out-of-pocket limit, they pay nothing for the remainder of the year. There is no similar protection in OM, but beneficiaries can purchase a Medigap policy to limit their out-of-pocket risk.
- **Utilization Management.** In general, OM does not use utilization management techniques, like requiring enrollees to obtain prior authorization before receiving

services.<sup>xvii</sup> By contrast, most MA plans use these strategies to contain costs. Recent watchdog reports suggest millions of MA enrollees are subject to prior authorizations each year, and that a significant percentage of the resulting coverage denials are inappropriate.<sup>xviii</sup>

- **Supplemental Benefits.** MA plans may offer benefits not available to people with OM, including dental care and gym memberships. These “extra” services may come at a cost, such as higher premiums, and can be quite limited.<sup>xix</sup> Little is known about the use or efficacy of supplemental benefits, or if they are being delivered as advertised, signaling a need for greater transparency.<sup>xx</sup>
- **Domestic Travel.** People with OM can go to nearly any doctor or hospital in the country, whether they are at home or traveling in another state. MA enrollees may have limits on what providers they can see outside of their plan’s service area.

When choosing between OM and MA, or between MA plans, there are important considerations for beneficiaries. There is no one “right” answer. Whether MA or OM, with or without a Medigap, is the best choice depends on personal circumstances, health and financial considerations, and other priorities.<sup>xxi</sup>

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<sup>i</sup> Medicare Interactive, “Medicare Advantage enrollment” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/medicare-health-coverage-options/medicare-advantage-plan-overview/medicare-advantage-enrollment>.

<sup>ii</sup> Id.

<sup>iii</sup> Medicare Interactive, “Medicare and Medicaid” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/cost-saving-programs-for-people-with-medicare/medicare-and-medicaid>.

<sup>iv</sup> Medicare Interactive, “Medicare Savings Program basics” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/cost-saving-programs-for-people-with-medicare/medicare-savings-programs-qmb-slmb-qi/medicare-savings-program-basics>.

<sup>v</sup> Medicare Interactive, “Extra Help basics” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/cost-saving-programs-for-people-with-medicare/the-extra-help-low-income-subsidy-lis-program/extra-help-basics>.

<sup>vi</sup> Medicare Interactive, “SPAP basics” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/cost-saving-programs-for-people-with-medicare/state-pharmaceutical-assistance-programs-spaps/spap-basics>.

<sup>vii</sup> Medicare Rights Center, “State Pharmaceutical Assistance Programs” (2020), <https://www.medicareinteractive.org/pdf/SPAP-Chart.pdf>.

<sup>viii</sup> Centers for Medicare & Medicaid Services, “Online Provider Directory Review Report” [https://www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/Downloads/Provider\\_Directory\\_Review\\_Industry\\_Report\\_Round\\_3\\_11-28-2018.pdf](https://www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/Downloads/Provider_Directory_Review_Industry_Report_Round_3_11-28-2018.pdf).

<sup>ix</sup> Medicare Interactive, “Medicare Advantage Plan network comparison chart” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/medicare-health-coverage-options/medicare-advantage-plan-overview/medicare-advantage-plan-network-comparison-chart>.

<sup>x</sup> Jeannie Fuglesten Biniak, et al., “Cost-Related Problems Are Less Common Among Beneficiaries in Traditional Medicare Than in Medicare Advantage, Mainly Due to Supplemental Coverage” (June 25, 2021), <https://www.kff.org/medicare/issue-brief/cost-related-problems-are-less-common-among-beneficiaries-in-traditional-medicare-than-in-medicare-advantage-mainly-due-to-supplemental-coverage/>.

<sup>xi</sup> Cristina Boccuti, et al., “Medigap Enrollment and Consumer Protections Vary Across States,” Kaiser Family Foundation (July 11, 2018), <https://www.kff.org/medicare/issue-brief/medigap-enrollment-and-consumer-protections-vary-across-states/>.

<sup>xii</sup> Medicare Interactive, “Annual changes and Medicare costs” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/medicare-basics/medicare-coverage-overview/annual-changes-and-medicare-costs>.

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- <sup>xiii</sup> Meredith Freed, et al., “Medicare Advantage in 2022: Premiums, Out-of-Pocket Limits, Cost Sharing, Supplemental Benefits, Prior Authorization, and Star Ratings” (August 25, 2022), <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2022-premiums-out-of-pocket-limits-cost-sharing-supplemental-benefits-prior-authorization-and-star-ratings/>.
- <sup>xiv</sup> Medicare Interactive, “Part A costs” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/medicare-health-coverage-options/original-medicare-costs/part-a-costs>.
- <sup>xv</sup> Medicare Interactive, “The benefit period” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/medicare-covered-services/inpatient-hospital-services/the-benefit-period>.
- <sup>xvi</sup> Medicare Interactive, “Maximum out-of-pocket limit” (last visited May 22, 2023), <https://www.medicareinteractive.org/get-answers/medicare-health-coverage-options/medicare-advantage-plan-overview/maximum-out-of-pocket-limit>.
- <sup>xvii</sup> Specific exceptions that may require prior authorization include certain types of wheelchairs and transportation. See, e.g., Medicare.gov, “Wheelchairs & scooters” (last visited May 3, 2023), <https://www.medicare.gov/coverage/wheelchairs-scooters>; Medicare.gov, “Ambulance services” (last visited May 3, 2023), <https://www.medicare.gov/coverage/ambulance-services>.
- <sup>xviii</sup> See, e.g. U.S. Department of Health and Human Services Office of Inspector General, “Some Medicare Advantage Organization Denials of Prior Authorization Requests Raise Concerns About Beneficiary Access to Medically Necessary Care” (April 2022), <https://oig.hhs.gov/oei/reports/OEI-09-18-00260.pdf> and U.S. Department of Health and Human Services Office of Inspector General, “Medicare Advantage Appeal Outcomes and Audit Findings Raise Concerns About Service and Payment Denials” (September 25, 2018), <https://oig.hhs.gov/oei/reports/oei-09-16-00410.asp>.
- <sup>xix</sup> See, e.g., Thomas Kornfield, et al., “Medicare Advantage Plans Offering Expanded Supplemental Benefits: A Look at Availability and Enrollment” (February 10, 2021), <https://www.commonwealthfund.org/publications/issue-briefs/2021/feb/medicare-advantage-plans-supplemental-benefits>; Meredith Freed, et al., “Medicare and Dental Coverage: A Closer Look” (July 28, 2021), <https://www.kff.org/medicare/issue-brief/medicare-and-dental-coverage-a-closer-look/>.
- <sup>xx</sup> See, e.g., U.S. Government Accountability Office, “Medicare Advantage: Plans Generally Offered Some Supplemental Benefits, but CMS Has Limited Data on Utilization” (January 31, 2023), <https://www.gao.gov/products/gao-23-105527>; Jeannie Fuglesten Biniak, et al., “Gaps in Medicare Advantage Data Limit Transparency in Plan Performance for Policymakers and Beneficiaries” (April 25, 2023), <https://www.kff.org/medicare/issue-brief/gaps-in-medicare-advantage-data-limit-transparency-in-plan-performance-for-policymakers-and-beneficiaries/>.
- <sup>xxi</sup> See, e.g., Medicare Interactive, “Questions to ask before joining a Medicare Advantage plan” (last visited May 3, 2023), <https://www.medicareinteractive.org/get-answers/medicare-health-coverage-options/medicare-advantage-plan-overview/questions-to-ask-before-joining-a-medicare-advantage-plan> and Medicare Rights Center, “Questions to ask before joining Medicare Advantage” (2023), <https://www.medicarerights.org/fliers/Medicare-Advantage/Medicare-Advantage-Plan-Questions.pdf?nrd=1>.