

# Why DPC Supports Opening Medicare Advantage Enrollment to Dialysis Patients

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Would dialysis patients benefit from being allowed to enroll in Medicare managed care plans? Many health policy experts in Washington D.C. admire the leading integrated insurer/delivery systems such as Kaiser Permanente and Group Health Cooperative, and view them as models for transforming traditional Medicare. But outside of certain regions of the U.S., most American consumers remain skeptical of private health insurers. Managed care requires trading off retaining your choice of providers that traditional Medicare gives beneficiaries against a chance to receive other benefits.

DPC does not advocate that ESRD patients should abandon traditional Medicare to enroll in a managed care plan. But we do favor patients having the maximum choice among coverage options, to be exercised in consultation with counselors in their state health insurance assistance programs. Choices should include staying in employer group health insurance, access to exchange health plans under the Affordable Care Act, the ability to buy Medigap supplemental insurance, and the ability to enroll in Medicare Advantage plans. Below we review the pros and cons of Medicare Advantage plans.



**Pro: Medicare Advantage plans have greater flexibility to coordinate care than traditional fee-for-service (FFS) Medicare.**

The Medicare Payment Advisory Commission (MedPAC) has noted that “private plans, because they are paid a capitated rate rather than on a fee-for-service (FFS) basis, have greater incentives to innovate and use care management techniques.” Capitation means that a health plan is paid a flat fee (about \$88,000 per year) to care for a dialysis patient. In contrast, in FFS Medicare, each provider is paid under separate “silos”: Medicare Part A for dialysis and hospitals, Part B for physicians, and Part D for prescription drugs. FFS Medicare payment rules are very prescriptive; for instance, Part D cannot pay for vitamins even if a nephrologist prescribes them, and Part B can’t pay for transportation to a dialysis facility unless a patient needs an ambulance. A Medicare Advantage plan must provide all the benefits of Traditional Medicare, but it may also pay for additional services if it thinks those will preserve the enrollee’s health and save money in the long run. For example, the CareMore health plan assigns a nurse practitioner to each ESRD patient in addition to the nephrologist, and provides transportation if necessary to prevent missed dialysis sessions. This has reduced ESRD patients’ hospital admissions by 36%



and inpatient hospital days by 62%.

**Pro: ESRD patients could benefit from Medicare Advantage’s out-of-pocket limits**

Part C has historically been favored by lower-income beneficiaries who cannot afford Medigap supplemental insurance. Since Medigap is not universally available to ESRD patients under 65, Part C could be an opportunity for ESRD patients to limit their out-of-pocket costs. MA plans have maximum out-of-pocket limits of \$6,700, and most plans limit cost-sharing to \$5,000 or less. But dialysis patients, restricted to fee-for-service Medicare, on average face cost-sharing of at least \$15,000. Moreover, MedPAC found that three-fourths of enrollees who selected

plans before their kidneys failed and remained in those plans afterward are in plans that charge no co-payment or coinsurance for dialysis.

**Con: Managed care plans require referrals for specialty care and limit coverage to in-network providers.**

Unlike fee-for-service Medicare, which permits beneficiaries to see any Medicare participating provider without prior authorization, Medicare Advantage plans have networks of physicians, hospitals, dialysis facilities and transplant centers. Sometimes patients receive contradictory information from health plans or become confused about the circumstances in which they can see a provider, leading to coverage denials and a complicated appeals process. The Medicare Rights Center reports that 30% of the calls to its national helpline involve how to manage coverage denials and appeals.

Remember, if Congress permits ESRD patients to enroll in Medicare Advantage, you as the patient will make the decision on your enrollment. If you are satisfied with the care arrangements you currently have through original Medicare, you would be able to keep them.