



Pennsylvania
U.S. Senator Bob Casey



MEDICARE ADVANTAGE AND HEALTH CARE REFORM

The Patient Protection and Affordable Care Act combined with the Reconciliation Act makes changes to the Medicare Advantage program that would reward high quality plans, defined as those with four and five quality star ratings. This new payment system will pay Medicare Advantage plans based on the actual cost of providing health care in each county around the country as opposed to an arbitrary formula.

Throughout the health care reform debate Senator Casey has worked assiduously to protect current Medicare Advantage beneficiaries during this transition.

Pennsylvania has a large number of Medicare Advantage recipients, particularly in the Southwestern and Southeastern parts of the state. Senator Casey worked to make sure that the insurance plans that offer Medicare Advantage have a reasonable time to transition to the new rules and thus avoid problems for older citizens who currently have Medicare Advantage

When the Senate first debated the Patient Protection and Affordable Care Act last December, Senator Casey introduced two amendments to provide extra benefits to counties with high percentage of Medicare Advantage recipients to help them transition to the new system.

After the President released his proposed changes to improve the Patient Protection and Affordable Care Act in February 2010, Senator Casey worked with his colleagues to protect current beneficiaries.

Senator Casey's efforts convinced the administration to wait a year before implementing these changes. Furthermore; thanks to Senator Casey's efforts, plans in a number of Pennsylvania counties will have an extra two years to transition to the new system. This will reduce potential disruption for beneficiaries than under the original plan.

How the New System Was Designed: All counties in the United States and the territories were listed from lowest to highest based on the per capita costs for traditional fee-for-service Medicare. This list was then divided in quartiles. The Medicare Advantage plans in the counties in the first quartile, with the lowest fee-for service costs, will be reimbursed at 115% of fee-for-service costs. The plans in the second quartile will be reimbursed at 107.5% of fee-for-service costs. The plans in the third quartile will be reimbursed at 100% of fee-for-service costs. The plans in counties in the fourth and last quartile, where Medicare costs are the highest, will receive 95% of fee-for-service costs. Counties will have a transition period of three, five or seven years depending on how large the change from current reimbursement levels is. High quality plans would be eligible for a 5% quality bonus. These bonuses would be phased in alongside the other changes.