

MEDICARE + CHOICE

New Health Plan Options Challenge Medicare Beneficiaries to Act as Informed Consumers

Is the System Ready?

Turn on the television or open up your Sunday newspaper and chances are you'll find messages aimed at getting Medicare beneficiaries to enroll in a local HMO. What has happened to make Medicare, for over 30 years primarily a traditional indemnity insurance plan, such a hotbed of managed care activity? What does increasing enrollment and the expanding range of health plan choices mean to your community's elderly and disabled population?

THE ISSUE

While managed-care plans have been available under Medicare since 1982, enrollment did not take off until the mid 1990s. Between 1993 and 1997, enrollment in Medicare managed care nearly tripled with about 13.5 percent of beneficiaries enrolled in managed care by the end of this period. The number of plans available to the Medicare population also tripled between 1990 and 1997 (HCFA 1998). With passage of last year's Balanced Budget Act and the creation of the Medicare+Choice program, enrollment is expected to get another boost as different types of health plan options — including provider-sponsored organizations, preferred provider organizations, and medical savings accounts — can now be offered.

CHALLENGES IN EDUCATING MEDICARE BENEFICIARIES ABOUT HEALTH PLAN CHOICES

- 12 percent speak language other than English
- 38 percent have fewer than 12 years of education; 20 percent have fewer than 9 years of schooling
- More than 60 percent know little or nothing about Medicare HMOs
- Only about 10 percent have sufficient knowledge of the difference between managed care and fee for service to make an informed choice

SOURCE: Health Care Financing Administration, *Challenges for the National Medicare Education Program*, undated.

The Balanced Budget Act made other changes that will also affect the experience of beneficiaries as they make health plan choices. Previously, the program offered the individuals the chance to disenroll and pick a new health plan on a monthly basis. Now Medicare will look more like employer-sponsored insurance with a longer lock-in period. By 2003, beneficiaries will have the opportunity to change plans during the first three months of the year but then will be locked into a choice until the following open season.

WHAT DO BENEFICIARIES NEED TO KNOW ABOUT HEALTH PLAN CHOICES

Offering more health plan choices has the potential to improve both health status and satisfaction with the health care system if it allows beneficiaries to seek out arrangements that best suit their individual needs. Reaching this goal, however, requires that consumers have access to information about their choices and the ability to interpret that information.

Beneficiaries must first understand the basic features of available options. As it turns out, many are poorly informed about what the traditional Medicare program covers and have very limited understanding of what managed care is or the specific benefits of particular managed-care plans. Educational efforts must respond to the fact that those most in need may be socially isolated, be non-English speaking, and have low educational attainment and literacy levels (See box.)

Several sources of information are now available to Medicare beneficiaries including health insurance counseling programs funded through federal grants to state and county offices of aging, advocacy groups, health plans, and word of mouth. In addition, the Health Care Financing Administration (HCFA) has mounted a massive public education campaign that is:

- pilot testing the *Medicare and You* handbook in five states (Arizona, Florida, Ohio, Oregon, and Washington);
- launching a 1-800 telephone number to answer questions about Medicare+Choice in these states;
- developing a consumer-oriented website, www.medicare.gov, providing comparison information on plans at the state, county, and ZIP code level;

- developing a publicity campaign enlisting the aid of national, state, and local organizations in airing public service announcements, conducting health fairs, and training their members to be knowledgeable sources about Medicare plan choices;
- increasing funding to state health insurance assistance programs; and
- evaluating the effectiveness of different strategies for communicating with Medicare beneficiaries.

CREATING A COMMUNITY INFRASTRUCTURE TO SUPPORT VULNERABLE CONSUMERS:

WHAT GRANTMAKERS CAN DO

Even with HCFA's strong commitment to educating the Medicare population about their health plan choices, much remains to be done. This is not just a question of resources, but of roles. For example, as a government agency, HCFA is required to be neutral and descriptive even though what many beneficiaries need is targeted advice. Similarly, HCFA is not well-positioned to respond to the information and counseling needs for many special populations such as those with those with language or cultural barriers, those living with specific chronic diseases, the homebound, and the so-called dual eligibles (individuals who receive both Medicare and Medicaid).

Foundations can play a valuable role in supporting (and perhaps creating) the infrastructure to support beneficiaries at the community level. Examples of the types of strategies they can pursue include:

- fund existing organizations that are well-positioned to provide information about plan choices. For example, the Arlington Health Foundation is funding its local area agency on aging to act as a Medicare managed-care ombudsman.
- develop consumer coalitions that can inform individuals about plan choices and track the performance of managed-care plans in their community. The Cleveland Foundation and the Mt.

Sinai Health Care Foundation are both supporting the Coalition to Monitor Medicare Managed Care which consists of 22 local organizations including the medical society, the American Association of Retired Persons, the bar association, social service agencies, and faith-based organizations.

- develop and disseminate tools and training guides for health insurance counselors. The Robert Wood Johnson Foundation has funded the creation of an information clearinghouse for Medicare choices that will accumulate information on existing efforts, disseminate best practices, and translate research into materials that can be used by educators.
- sponsor efforts to determine community needs. The California HealthCare Foundation funded the National Academy of Social Insurance to conduct a series of focus groups to identify what California seniors know about managed care and what types of supports they need to make more informed decisions.
- evaluate the effectiveness of different strategies for educating consumers. A joint project funded by the Commonwealth Fund, the Henry J. Kaiser Family Foundation, The Robert Wood Johnson Foundation, and the J.P. Morgan Guarantee Trust is evaluating a community-based demonstration to educate Medicaid beneficiaries in Los Angeles, New York, and Philadelphia. The project will offer recommendations on best practices that could be adopted by state Medicaid programs.

GIH recently convened a group of grantmakers already funding projects related to consumer decisionmaking under Medicare+Choice to explore additional opportunities. A session at the Washington Briefing (Friday, November 20, 1998) will provide an opportunity to learn more about HCFA's and grantmaker efforts to assist these vulnerable consumers take charge of decisions about their health insurance.

SOURCE: Health Care Financing Administration, Office of Strategic Planning, *A Profile of Medicare*. Chartbook 1998 (Washington, DC: May 1998)

For more information, call Anne Schwartz at GIH (202-452-8331)

RESOURCES

SELECTED GRANTMAKERS:

Arlington Health Foundation

Contact: Leonard Berman
(703-276-8700)

Grantee: Arlington Area Agency on Aging

California HealthCare Foundation

Contact: Jan Eldred
(510-238-1040)

Grantee: National Academy of Social Insurance

The Cleveland Foundation and the Mt. Sinai Health Care Foundation

Contacts: Bob Eckardt or Beth Volz
(216-861-3810); Mitchell Balk (216-421-5500)

Grantee: Western Reserve Area Agency on Aging

The Commonwealth Fund

Contact: Brian Biles
(212-535-0400)

Grantee: Community Service Society of New York

The Robert Wood Johnson Foundation

Contact: David Colby
(609-452-8701)

Grantee: International Longevity Center, Mt. Sinai School of Medicine

Henry J. Kaiser Family Foundation

Contact: Tricia Neuman
(202-347-5270)

SELECTED EXPERTS IN THE FIELD:

Diane Archer

Medicare Rights Center

A national nonprofit organization, based in New York, devoted to ensuring that seniors and persons with disabilities on Medicare have access to quality, affordable health care
(212)869-3850

Joe Cislowski

Center for Health Care Rights

A nonprofit organization focusing on consumer rights that also serves as the Health Insurance Counseling and Advocacy Program for Los Angeles County
(213)383-4519

Christine Molnar

Community Service Society of New York

A New York-based private social service agency focusing on poor children and communities
(212)254-8900