

Medicare Advantage enrollment increasing in rural areas

16 February 2015, by Neil Schoenherr

More rural Americans are signing up for Medicare Advantage despite reductions in payments, according to new research from the Brown School at Washington University in St. Louis and the University of Iowa College of Public Health.

Medicare Advantage (MA) is the U.S. government-run program that provides health insurance plans to Medicare beneficiaries through private companies.

In a new report, researchers found that Rural Medicare Advantage and other prepaid plan enrollment in March 2014 was nearly 1.95 million, an increase of more than 216,000 (11 percent) from the previous year. By October 2014, enrollment had increased to 1.99 million, or 20.4 percent of all rural Medicare beneficiaries.

"The increase in enrollment in MA plans can likely be attributed to the value that beneficiaries are receiving from those plans in extra benefits and reduced costs, relative to traditional Medicare," said co-author Tim McBride, PhD, professor at the Brown School and noted health economist.

"The federal government essentially subsidizes MA plans, and this leads to lower out-of-pocket costs, which is a particularly attractive feature to many elderly Americans, even if they do have to pay a somewhat higher premium in some case," he said. "Also, a wider array of the types of plans have been created, which makes it more attractive."

The researchers also note that payments were reduced further when quality-based bonus payments ended at the end of 2014.

"While there is no evidence at this time to suggest that the changes we have found will lead to adverse effects on rural Medicare beneficiaries as [enrollment](#) continues to grow, nevertheless it is important to monitor this to be sure," said Leah Kemper, lead author and statistical data analyst at

the Brown School.

"In addition, as payment reductions continue to go into effect and plans no longer receive bonus payments, the MA plans will likely have to shift costs in some way, which could result in a change in benefits or increased cost sharing for beneficiaries," Kemper said.

More information: The report brief is available online: cph.uiowa.edu/rupri/publications/briefs/2014/2014%20MA%20update.pdf

Provided by Washington University School of Medicine in St. Louis

APA citation: Medicare Advantage enrollment increasing in rural areas (2015, February 16) retrieved 30 May 2022 from <https://medicalxpress.com/news/2015-02-medicare-advantage-enrollment-rural-areas.html>

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