

**Medicare Beneficiaries and Medicare Advantage:
Modernizing the Plan Finder and Other Educational Tools**

**Statement of
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Good morning, Mr. Chairman, Ranking Member, and Members of the Subcommittee. My name is Jack Hoadley, and I am a Research Professor Emeritus at Georgetown University's McCourt School of Public Policy. I know the Medicare program from three perspectives. First, as a researcher, I have published extensively on Medicare Part D and Medicare Advantage (MA). Second, I served as a Commissioner on the Medicare Payment Advisory Commission (MedPAC) for the past six years. Third, I am a Medicare beneficiary. In today's testimony I speak for myself and not on behalf of Georgetown or MedPAC.

I appreciate the opportunity to speak to the Committee about Medicare Advantage, the Medicare Plan Finder, and other issues related to beneficiary education. I regard Medicare as a critical program for its nearly 60 million beneficiaries and a key element of our social insurance framework. Because Medicare has many different elements and beneficiaries come to the program with diverse backgrounds, situations, and needs, Medicare has a significant challenge to educate beneficiaries about the program in general and about Medicare Advantage plan options. Notably, it is time to make improvements to the Medicare Plan Finder—a valuable tool that needs significant modernization.

Background

Most individuals become eligible for Medicare when they turn 65; the main exception is those with significant disabilities can become eligible at a younger age. For many years, this meant that eligibility for Medicare and Social Security coincided at age 65. But starting with individuals born in 1938, full Social Security eligibility has been separated in time from Medicare eligibility as the age for full Social Security benefits has increased. Moreover, the timing varies further for two other reasons. For many who continue working beyond age 65 in a job with health benefits, employment-based coverage remains their primary coverage with Medicare being the secondary payer. And everyone eligible for Social Security has the option to start those benefits as early as age 62 and as late as age 70.

These variations mean that education about Social Security benefits does not routinely coincide with education about Medicare; nor can enrollment in both programs be accomplished at the same time. For Medicare beneficiaries interested in MA plans, their introduction to the available opportunities will vary depending on their situation. It does not occur at a uniform time for everyone.

Education about Medicare is critical because many consumers do not have all the information they need to make Medicare program choices that will best serve them. At the most basic, many consumers do not fully understand concepts such as coinsurance, deductibles, or other terms used to describe their health insurance options. Nor do they appreciate the implications for their out-of-pocket responsibilities. Even if they have achieved the health literacy to navigate options provided by their employment-based coverage or coverage through the ACA marketplaces, they find that some Medicare options and terminology (Medicare Parts A and B, the separation of drug coverage, the role of supplemental coverage, etc.) are different than those they were familiar with for private coverage. Misunderstandings about these program parameters can lead to costly decisions.

Evidence indicates too that consumers do not always make informed health decisions. Consumers tend to purchase more protection than they need and to focus more on plan premiums than on their total costs. While these decisions may be appropriate in some situations, often consumers are spending more than they need to spend. An additional complicating factor can be the choice environment facing Medicare beneficiaries. Consumers tend to value choice when they purchase insurance. But when consumers have too many choices, regardless of their level of health literacy, information overload is likely to work against good decision making. Often this translates to missed opportunities to save money or to switch to MA or Part D plans that would serve their needs better.

Today one of every three Medicare beneficiaries is enrolled in a Medicare Advantage plans. But understanding the key differences between traditional Medicare and MA remains difficult. One challenge is understanding options for Medicare supplemental (Medigap) insurance and employer-sponsored retiree coverage, both of which have implications for decisions about choosing between MA and traditional Medicare. For example, beneficiaries who switch from an MA plan to traditional Medicare may not have a full range of options for reacquiring a Medigap plan or employer-sponsored coverage. They may discover that Medigap plans are only available if they do not have preexisting conditions or that premiums are substantially higher because of their age or health status.

The remainder of my testimony focuses on the critical educational tools available to Medicare beneficiaries, especially the online Medicare Plan Finder operated by the Centers for Medicare & Medicaid Services (CMS).

Examining the Medicare Plan Finder

The Medicare Plan Finder has been a key resource for Medicare beneficiaries for over a decade. It is a key tool used by beneficiaries to educate themselves about the Medicare program in general, but especially to research and find the MA or Part D plan that is best for their personal situation. A report, “Modernizing Medicare Plan Finder,” released in April by Clear Choices and the National Council on Aging,¹ provides an evaluation of the Medicare’s online comparison shopping experience

¹ <https://www.ncoa.org/public-policy-action/health-care/better-coverage-choices/medicare-plan-finder-report/>

and offers a set of recommendations for modernizing and improving that experience. As part of the multi-stakeholder Improving Medicare Markets Initiative advisory group, I provided input and comments for the report.

The report drew on three sources of analysis and information: a review of all online Plan Finder functions, a set of interviews conducted with beneficiaries as they navigated the Plan Finder, and a survey of Medicare State Health Insurance Assistance Program (SHIP) directors.

Over more than a decade, the Plan Finder has provided beneficiaries a neutral and unbiased tool to learn about their Medicare options and to compare plans. Although it has fulfilled that role well over the years and incorporated many improvements, the Clear Choices/NCOA report found that the Plan Finder today is “overwhelming, information is poorly presented, and the user design is potentially misleading—all of which confuses beneficiaries and can contribute to many making poor plan selections.” The report concludes that the Plan Finder “must be improved” and that “functional improvements based on the best and common e-commerce practices should be made as quickly as possible.”

One key theme of the report’s recommendations is that the Plan Finder needs to be modernized. This includes an overall redesign of the layout and display to make it more user-friendly and to make navigation through the stages of the Plan Finder more intuitive. For example, when a user wants to look up the definition of a term, the site displays definitions on a separate glossary tab instead of a pop-up when the user hovers over the term. Researchers evaluating the Plan Finder for the report found that some consumers had 20 to 30 open tabs just from clicking on unfamiliar terms.

Related improvements should include replacing insurance jargon with plain language as much as possible and using supplemental graphics and charts where appropriate. The website will also benefit from a web chat feature to allow consumers to get clear answers to their questions and to get online counseling. Of course, this web chat function needs to be done well and ensure that consumers get accurate answers. In addition, the Plan Finder should also provide more information on how to connect to human support, such as SHIP counselors, for assistance.

Consumers want a plan finder tool to help them understand their out-of-pocket costs, whether they are comparing different MA plan options, comparing MA plans with traditional Medicare, or comparing drug costs in different Part D plans. When comparing MA plans with traditional Medicare, they also want the ability to compare their costs under the combination of traditional Medicare with Medigap to their costs in an MA plan—a comparison that is not available today.

Some cost information is available today, but the results may include percentages (such as coinsurance rates) where people want dollar estimates. And accuracy is critical. For example, some beneficiaries report that the drug costs reported on the Plan Finder do not always match the actual costs charged at the pharmacy.

When results can be personalized, they will serve consumers better. A perfect prediction of next year’s costs is never going to be possible. But if the Plan Finder can incorporate information on health status, drugs currently used, and expected use of other health services, estimates of out-of-pocket costs will be more accurate. Greater personalization would benefit other consumer education

documents as well. The Annual Notice of Change that all plans must send to current enrollees would be more effective if it tailored information to match the services and providers used by each enrollee.

One serious gap in the current Plan Finder is the absence of an integrated provider directory. Today getting information on whether your physician or other health care provider participates in a MA plan network requires leaving the Plan Finder website to navigate the plan's website. This extra step is confusing, and consumers often fail to follow this procedure. When they do, they discover that navigation on plan websites is not standardized—another source of confusion. The Plan Finder has been reasonably successful in offering the user the ability to use this tool to check on whether their drugs are covered by a specific plan and at what level of cost sharing. This makes searching and plan comparisons much easier. Accomplishing the same ability to learn whether a beneficiary's providers are in a plan's network is a key need, as is providing accurate information on which providers are accepting new patients. An integrated directory will require ongoing updates and accuracy checks throughout the year.

Over time, the Medicare Plan Finder has made greater use of the star ratings that measure several domains of plan quality and performance. Although star ratings are valued by beneficiaries, we have heard that people think they are solely based on user reviews like those found on restaurant or movie rating websites. The report recommends that CMS engage a panel of beneficiaries and stakeholders to evaluate which star ratings are most important to consumers and how to explain what they mean.

One reason the Medicare Plan Finder can be hard to use when comparing MA plan options is the wide variation in benefits and features offered by different MA plans. I have long advocated greater standardization in both the benefits offered by MA plans and the information used to characterize plans.² Plans should be encouraged to innovate and introduce new features, but variations that are not meaningful are likely to confuse more than help. Where differences exist, the challenge to the Plan Finder should be to find better ways to standardize the reporting of key information.

The Bottom Line

All of us who are Medicare beneficiaries need accurate information and the ability to make comparisons among our different Medicare options. This information is critical to making optimal choices. An optimal choice generally means low out-of-pocket costs and enrollment in a higher quality Medicare option that suit our needs. In most cases, savings for Medicare beneficiaries translates to savings to taxpayers as well.

Investments in modernizing the Medicare Plan Finder will be investments in a Medicare program that better serves the needs of all beneficiaries. We have an opportunity today to modernize the Plan Finder as well as other tools that help to educate beneficiaries.

² E. O'Brien and J. Hoadley, Medicare Advantage: Options for Standardizing Benefits and Information to Improve Consumer Choice, April 2008, <http://www.commonwealthfund.org/publications/issue-briefs/2008/apr/medicare-advantage--options-for-standardizing-benefits-and-information-to-improve-consumer-choice>