



The Diversified Services Group, Inc.
A Financial Services Consultancy



Notes on Medicare Changes:

Potential Impacts on Funding Senior Health

Our SHEF “Medicare Deep Dive” sessions with CMS executives produced insights into current CMS initiatives that impact seniors. Firms and their advisors may want to determine if they are ready to; monitor, navigate, adapt, and integrate the changes to improve their products and advice services.

CMS Proposes Physician Payment Rules to Improve Health Equity and Patient Access

That Covid accelerated advances in telemedicine is well documented in the press. The changes found wide acceptance particularly among seniors who like the convenience. They proved useful for mental health issues that arise with isolation and caregiving stresses. Finally, telemedicine enabled doctors, nurses, and professional staff help more people, regardless of where they lived. In fact, revised regulations treated a home as an extension of a hospital, fundamentally changing the scope of coverage as well as the labor force that can provide it.

The CMS is proposing new rules to extend many of the practices to evaluate the cost-effectiveness, regardless of the path of the pandemic. The key driver is the ability of telemedicine and other remote services to address “Health Equity”. Health equity requires the ability to reach everyone where they are.

That can increase seniors access to medical care, permit more flexibility and convenience, as well as enable greater independence. All of these are important to seniors who decide to age at home.

Attached is the release “CMS Proposes Physician Payment Rule to Improve Health Equity, Patient Access”. It includes more information about health equity and patient access mentioned above, as well as links to fact sheets at the end. The “Proposed rule” link lets you submit comments if you choose.

Drivers of the Choice of Original Medicare or Medicare Advantage Plans

The basic dilemma is: Do you choose the higher premiums of Original Medicare & Medigap with all their flexibility? Or, the cheaper, conveniently bundled Medicare Advantage plans, with higher financial exposure and less flexibility?

That choice may be in flux!

Concurrent with our CMS discussions about choice drivers, KFF released a study that is pertinent to much of the discussion, “[Higher and Faster Growing Spending Per Medicare Advantage Enrollee Adds to Medicare's Solvency and Affordability Challenges.](#)” One take away is: Medicare Advantage plans cost \$321 more per person than original Medicare, amounting to \$7 billion in 2019, and

projected to cost \$348 billion over the next decade. That cost differential is likely to become a “lightning rod”.

It’s early to thoroughly test and document how the additional preventive benefits of an Advantage Plan will play out in terms of Federal costs over lifecycles and populations. However, medical participants in the session pointed out, the lack of dental, vision, and hearing are extremely counter-productive if the objective is to reduce aggregate medical costs. (It is why MA plans offer them.)

A question is: how that differential might be equalized. Will Original Medicare receive the same added benefits? Will Medicare Advantage plans be stripped of the added benefits? Will Advantage plan premiums increase to offset the differential.

That choice is moot if the Medicare dental, vision, and hearing expansions are added to both plans in a ‘Human Infrastructure Bill’. That could pull critical preventive steps forward for all populations. The potential to reduce medical costs in the aggregate is substantial, even if not at the Federal level. The logic is the clear. Sight that prevent falls, hearing that prevents isolation, dental care that prevents disease – all directly improve population health.

Bottom line: Both are critically important to every senior. They will impact their retirement health costs, both paid and unpaid. They effect their access to essential preventative care, and their ability to age in place, independently. Firms and advisors will have opportunities to adjust their products and advice to help clients navigates these changes.

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