



# Medicare: Today's Issue

February 24, 2004

## *BETTER BENEFITS – MORE CHOICES*

### *Good News about the Medicare Prescription Drug, Improvement and Modernization Act of 2003!*

#### Regional PPOs – A New Option for Medicare Beneficiaries:

- ❖ The new Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) creates a new regional contracting option for health plans. Interested insurers can offer the preferred provider organization (PPO) plans, which will be called Medicare Advantage (MA) regional plans.
  - ☞ PPOs have been a growing form of health insurance and are now the most popular type of coverage in the private market.
  - ☞ PPOs have a network of doctors and hospitals that contractually agree to provide services at a specified rate, but they also allow enrollees to go outside the network for care, usually with some increased enrollee cost-sharing requirements.
  - ☞ In 2002, PPOs accounted for 52 percent of individuals covered under employer-sponsored group insurance.
- ❖ The new regional Medicare Advantage PPOs will bid to serve entire state or multi-state areas, unlike the current Medicare+Choice (M+C) program, which features local plans that serve individual counties and groups of counties.
- ❖ The goal of these larger regional markets is to bring more plan options and better services to rural areas by grouping them with the urban areas that have traditionally attracted managed care plans under the M+C program. The objective is to provide beneficiaries in rural areas with the same choices and access to care as beneficiaries in populated urban areas.