

Making vital sacrifices

Paying for health care **Interviewed by Amy Dison**

There are currently numerous options available for retiree health care coverage, such as the choice of a standard plan to supplement basic Medicare, called Medicare supplement, or customized plans offered by an employer that supplement or “wrap” around Medicare. There are Medicare Advantage Plans of various designs and benefit offerings structured like HMOs or Preferred Provider Organizations (PPOs) and even Private Fee For Service Plans. Employers can select plans off the shelf or develop customized plans to meet their needs.

Thanks to the Medicare Modernization Act, employers now have options that previously weren't available to business owners, says Edward Ries, executive director of government programs with Priority Health.

Smart Business spoke with Ries about retiree benefit programs and how employers can choose a program that provides sufficient coverage at a reasonable cost.

What is the Medicare Advantage Program?

The Medicare Advantage Program (MAP) provides benefit plans that have full coverage similar to regular Medicare, but coverage is provided by private companies under contract to the federal government. This allows retirees to receive, at a minimum, the same set of benefits offered by the federal government but with the specialized service a private company is able to offer. Frequently these plans can offer benefits beyond regular Medicare. This is not a supplement plan; it is a replacement for a standard Medicare plan also referred to as Medicare C. To be eligible for the MAP, you must be eligible for both Medicare Part A and B. This program does not require a consumer to purchase supplemental coverage. In fact, it is illegal for agents to sell a supplemental plan if they know an individual is covered by the MAP.

Why would a consumer want to receive coverage from a private company?

Private companies are able to coordinate care for consumers. After joining a plan, consumers may fill out a detailed medical



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survey that is used by the private company to help guide the consumer toward the most appropriate care. With this information, the provider is able to help the consumer select physicians and plans that meet his or her individual needs.

Frequently, MAPs provide more benefits than you may get with Original Medicare. There is a higher focus on delivery of quality care through private companies that use various means to monitor the care that is provided. These companies check the professional and educational backgrounds of all their participating physicians to ensure that their customers are receiving care only through highly qualified individuals. This takes some of the research, leg work and uncertainty out of the process for the consumer.

What are the benefits of the MAP for retirees?

There are also significant cost advantages for consumers. Medicare typically requires 20 percent co-pay for services. MAPs frequently have a set co-pay, which can provide both major cost savings and predictability for a retiree. There are addi-

tional benefits or specialized services with the MAP. This program may offer additional disease management programs for consumers that are not offered in regular Medicare. Finally, the MAP is run by private companies and, therefore, they are able to offer better customer service. This means there will be a person on the end of the line whose sole job is to help you if you have questions about coverage or costs.

What does the MAP cost an employer?

The cost depends on how generous employers want to be with their retiree coverage. There are some programs that carry very low premiums so an employer could provide that plan at very little cost.

Often, employers add benefits to the plans so that retirees receive the same benefits they did when they were employed. The cost varies depending on the choices the employer makes for their retirees.

Because of the variety of plans, it is important for employers to review the details of each plan carefully and determine which plan meets the needs of their employees and retirees. Look at financials. The size of the company also may determine the plan that they offer. While larger companies are usually able to offer retirees benefit plans, the MAP enables companies of all sizes the ability to adjust their plans to work with their financial abilities.

Why are employers selecting the MAP instead of other options for their retiree coverage?

A MAP is very easy to administer. You have the power to select the benefits the retirees receive while removing yourself from the day-to-day administration that benefit service requires. Selecting this program makes the transition into retirement much easier for the employee. It provides continuity for retirees because they will likely still be able to select the same coverage and physicians they were using while they were employed. <<

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