

Medicare Advantage's role in reducing health care cost differs by patient's condition: Study

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More than 18% of the U.S. population (\$65 million people) are enrolled in Medicare, the federal insurance program for older adults and some people who have a disability. People who qualify have two options to receive benefits: (1) traditional Medicare or (2) Medicare Advantage (MA) where care is offered by private insurance firms approved by Medicare.

MA has grown substantially in recent years, and now it covers half of the Medicare population. Given the rapid growth of MA, the quality and cost of care, compared with traditional Medicare has emerged as an important policy issue.

According to a new study by George Mason University Professor of Public Health Jeah Jung, Medicare Advantage had lower resource use than traditional Medicare for many conditions, but not for all conditions. Examples of resources use studied include hospital inpatient services, outpatient facility services and professional services, [hospice care](#), and Medicare Part D drugs.

The study found that hospital inpatient services are a main source of explaining the difference in total resource use between the two types of Medicare. Though not part of the study, in many cases, having less resource use results in a lower bill for Medicare and the patient.

["Wide Variation In Differences In Resource Use Seen Across Conditions Between Medicare Advantage, Traditional Medicare"](#) was published *Health Affairs* in September 2023. Caroline S. Carlin and Roger Feldman of the University of Minnesota and Ge Song, a Ph.D. student at George Mason University, are co-authors on the paper.

"A large body of literature has suggested that resource use is lower in Medicare Advantage than in traditional Medicare, but no study examined differences in resource use between the two options by condition until now," said Jung, the principal investigator." As MA enrollment grows, efforts are needed to identify mechanisms driving differences in resource use between MA and traditional Medicare and assess their implications for patient care."

The findings suggest that Medicare Advantage may use fewer resources for conditions where appropriate care management can help avoid

hospitalizations, such as rheumatoid arthritis and diabetes. The findings also suggest that resource use may be similar between the two types of Medicare for conditions where hospital admissions may not be preventable, such as stroke, cancer, and pneumonia.

Researchers studied analyzed nation-wide medical claims and encounter records from the Medicare population for 33 conditions. MA resource use was significantly lower for 23 conditions. Researchers measured resource use for the following categories of services: hospital inpatient services, outpatient facility services and professional services, hospice care, and Part D drugs.

More information: Jeah Jung et al, Wide Variation In Differences In Resource Use Seen Across Conditions Between Medicare Advantage, Traditional Medicare, *Health Affairs* (2023). [DOI: 10.1377/hlthaff.2023.00448](https://doi.org/10.1377/hlthaff.2023.00448)

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