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Brian Noonan
Senior Director of Communications and Education
(402) 742-8151 or bnoonan@nebraskahospitals.org

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Medicare Advantage is no advantage for rural Nebraska

For the very first time, Medicare Advantage (MA) plans covered the majority (51%) of all Medicare eligible individuals. This figure is up sharply from five years ago when just over one-third of seniors chose Advantage plans. Due to the lure of lower out of pocket costs and aggressive sales tactics, even more enrollees are expected to forgo their benefits of traditional Medicare and enroll in MA plans in 2024. While some enrollees are likely to see savings, many living in our rural Nebraska communities will be left with plans that erode our state's rural health care infrastructure, decrease access to vital services, and, ultimately, negatively impact our seniors' pocketbooks.

Nearly all of Nebraska's rural hospital leaders and physicians have voiced their frustrations about how MA plans decrease access to care because of low reimbursement rates, high prior authorization denials, and higher out-of-pocket costs for their family members, neighbors, and patients. Ask a health care provider next time you are in a clinic or hospital – most, if not all, will recommend steering clear of MA plans.

Here's why Medicare Advantage is hurting rural health care delivery in our state:

Medicare Advantage plans rarely reimburse hospitals for the cost of care. And none of these plans recognize rural hospitals such as Falls City, Cozad, Alliance or other Critical Access Hospitals in Nebraska as being any different than a hospital in San Francisco, New York City,

or any metro area. With over 50% of Medicare eligible patients now enrolled in MA plans, this means fewer local dollars for your clinic, hospital, and community. MA plans and their low reimbursement rates are a contributing factor to the large number of hospital and clinic closures we have seen in Nebraska and across the nation.

More importantly, enrollment in a MA plan often means less choice for rural residents. To receive discounted pricing from MA plans, most will require you to see an in-network provider as part of their Home Medical Office (HMO) or Preferred Provider Organization (PPO). Many times, the HMO and PPO plans exclude the physician, nurse practitioner, physician assistant, and hospital in your community. To receive “cheaper” care you’ll now have to travel to a different town and see a new doctor. This also means, unlike traditional Medicare, you may not have full insurance coverage when you visit the grandkids in another area of the state or country – leaving MA enrollees with added financial risk just for wanting to spend time with family.

MA plans also have a high rate of prior authorization denials. Last year 13% of all medication and procedure requests were denied by MA plans. This compares to nearly 0% denials for traditional Medicare. A denial means that a patient has to either pay the full out-of-pocket cost of treatment or forgo recommended medical care altogether. Prior authorization denials have become so common that many healthcare watchdog organizations now classify them as a barrier to receiving care similar to a patient that doesn’t have a car to get to an appointment or the money to pay for insulin. Many MA plans do not cover cancer and infusion treatments and have high per visit costs for commonly utilized services like physical therapy. Most MA plans also don’t participate in Swing Bed programs which are vital to ensure individuals can continue care in their local hospital.

MA plans have created such a financial burden for rural residents that when they get sick, MA “covered” individuals represent the largest growing segment of charity care for Nebraska’s rural hospitals. This cost born by our neighbors and local hospitals comes on the heels of a \$12.8 billion bonus insurance companies will receive in 2023 for converting patients to MA plans.

Additionally, 77.5% of Nebraska hospitals report that the cost to comply with MA plans has increased; 70% say the increased administrative barriers in MA plans to provide care contribute to physician burnout.

While MA plans may be a good option for some, as open enrollment begins in October, for many in rural Nebraska the real health and financial advantage is to stick with traditional Medicare.

Jed Hansen, Executive Director, Nebraska Rural Health Association

Jeremy Nordquist, President, Nebraska Hospital Association