

A Little-Known Downside of Medicare Advantage Plans

Chris Kissell • October 7, 2022

If you have a Medicare Advantage plan and require a brief stay at a nursing home or rehabilitation facility, you could be in for an unpleasant surprise, according to a Kaiser Health News report.

The news outlet talked to health care providers, nursing home representatives and others who say Medicare Advantage plans increasingly are pushing patients to leave such facilities and return home before their medical team says they are ready.

If the practice is as widespread as these experts suggest, the impact could be large. Of the nearly 65 million people with Medicare coverage, half are enrolled in Medicare Advantage plans offered by private insurers rather than Original Medicare, which provides benefits directly from the government.

KHN notes that both types of Medicare must cover 100 days of skilled nursing home care annually. However, Medicare Advantage plans have more leeway in deciding when patients must be discharged from such care.

Sending patients home early has the potential to be lucrative for Medicare Advantage plans. According to the KHN report:

“The federal government pays Medicare Advantage plans a monthly amount for each enrollee, regardless of how much care that person needs. This raises ‘the potential incentive for insurers to deny access to services and payment in an attempt to increase profits,’ according to an April analysis by the Department of Health and Human Services’ inspector general.”

However, the situation becomes more complex when you understand that while Medicare Advantage plans have a financial incentive to discharge patients quickly, nursing homes have an incentive to keep patients for as long as possible.

Charlene Harrington, a professor emerita at the University of California-San Francisco’s School of Nursing and an expert on nursing home reimbursement and regulation, told KHN:

"Length of stay and occupancy are the main predictor of profitability, so they want to keep people as long as possible."

As a general rule, Harrington says "people are probably better off at home." However, she adds that "the resident ought to have some say about it."

KHN notes the federal government recently indicated a desire to crack down on the Medicare Advantage practice of sending patients home early. The Centers for Medicare & Medicaid Services put out a call for feedback from the public on various aspects of the Medicare Advantage program. Comments were due by the end of August and will be considered for future rulemaking.



*Source: <https://www.moneytalksnews.com/10-amazing-ways-to-build-wealth-at-any-age/>