



**2017 FORECAST**  
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# HEALTH MANAGEMENT ASSOCIATES

## Medicare Advantage Remains Solid Moving Forward

The November 8, 2016 election has created a lot of uncertainty in the healthcare industry because it could present a number of changes for the industry that is still acclimating to one of the most significant shifts in its history, the Affordable Care Act (ACA). As health plans, providers, hospitals, and other entities were just starting to find stability and familiarity in this new healthcare landscape, they now find themselves in a potentially brand new world only six short years after the passage of the ACA.

With Republicans controlling the White House, Senate, and House, it may seem inevitable that there are major changes on the horizon for the ACA. There probably will be changes to the ACA, but how significant, and how soon the changes will come is unclear. The lack of clarity has a fair amount to do with the ability of the new government to act on its promise to repeal and replace the ACA. Without a filibuster-proof majority in the Senate, Republicans will probably be unable to repeal the ACA in its entirety, but they still have other options for altering the ACA. Through the budget reconciliation process, which only requires a simple majority, the new government could alter key pieces of the ACA related to coverage and expansion without worrying about a filibuster.

As uncertainty for the healthcare industry swirls around the ACA and Medicaid's future remains hazy as block grant discussions for the program evolve, Medicare (specifically, Medicare Advantage plans) appears to remain a sound investment for the industry.

The market share of fee-for-service Medicare continues to shrink as the growth for Medicare Advantage plan enrollment continues to be healthy. As of 2016, there are now 17.6 million beneficiaries (31 percent of the Medicare population) enrolled in Medicare Advantage plans.<sup>1</sup> Additionally, 30 percent or more of Medicare beneficiaries in 23 states are enrolled in private Medicare plans, and five states have 40 percent or more Medicare beneficiaries enrolled in private Medicare plans.<sup>2</sup>

There are now even rumblings on Capitol Hill about shifting Medicare from a defined benefit program to a defined contribution program. Whether these rumblings materialize into actual legislation, or whether a change of this magnitude to Medicare is politically possible, one thing is certain: the Medicare fee-for-service market share continues to dwindle. With so much uncertainty in the healthcare industry at this time, it might be best to focus on one of the more certain areas of the industry and determine if a Medicare Advantage plan makes sense for your organization.

For health plans and other organizations looking to set up a Medicare Advantage plan, HMA can help.

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<sup>1</sup> Gretchen Jacobson, Giselle Casillas, Anthony Damico, Tricia Neuman, and Marsha Gold, Medicare Advantage 2016 Spotlight: Enrollment Market Update, (Kaiser Family Foundation, May, 2016), <http://kff.org/medicare/issue-brief/medicare-advantage-2016-spotlight-enrollment-market-update/>

<sup>2</sup> Gretchen Jacobson, Giselle Casillas, Anthony Damico, Tricia Neuman, and Marsha Gold, Medicare Advantage 2016 Spotlight: Enrollment Market Update, (Kaiser Family Foundation, May, 2016), <http://kff.org/medicare/issue-brief/medicare-advantage-2016-spotlight-enrollment-market-update/>