

Using competitive pricing to set beneficiary premiums in the fee-for-service and Medicare Advantage programs

ISSUE: We explore the potential impact that the use of competitive pricing between FFS Medicare and the MA program could have on beneficiary premiums and program spending.

KEY POINTS: We present alternative ways of calculating premiums that would encourage beneficiaries to use the lower-cost payment model (FFS or MA) for their Part A and B benefits. These alternatives could cause significant changes in premiums in some areas; we discuss options for mitigating the impact on beneficiaries. We also discuss expanding the use of competitive pricing just within the MA program.

ACTION: Commissioners will discuss the material and implications for future analytic work.

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