

What is the Difference Between Medicare and Managed Care?

When it comes to healthcare, navigating through different types of plans can be confusing. Two commonly discussed terms are Medicare and Managed Care. Although they both aim to provide quality healthcare services, they operate differently and cater to various needs and preferences. Here's a closer look at the differences between Medicare and Managed Care.



Understanding Medicare

What is Medicare?

Medicare is a federal health insurance program primarily for individuals who are 65 or older, but it also covers some younger people with disabilities and those with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant). The program is divided into different parts:

- Medicare Part A (Hospital Insurance): Covers inpatient hospital stays, skilled nursing facility care, hospice care, and some home health care.
- Medicare Part B (Medical Insurance): Covers certain doctors' services, outpatient care, medical supplies, and preventive services.
- Medicare Part C (Medicare Advantage): An alternative to Original Medicare that allows beneficiaries to receive their Part A and Part B benefits through private health insurance plans approved by Medicare.
- Medicare Part D (Prescription Drug Coverage): Provides prescription drug coverage.

How Does Medicare Work?

Original Medicare (Part A and Part B) allows beneficiaries to go to any doctor, hospital, or other healthcare provider that accepts Medicare. Beneficiaries pay deductibles and copayments, and Medicare pays its share of the covered costs. Medicare Advantage plans (Part C), offered by private insurers, may include additional benefits like dental, vision, and hearing care, often with lower out-of-pocket costs but requiring beneficiaries to use a network of doctors and hospitals.

Understanding Managed Care

What is Managed Care?

Managed Care refers to a variety of health insurance plans that aim to reduce healthcare costs while providing quality care. These plans manage how healthcare services are delivered and funded. There are several types of managed care plans:

- Health Maintenance Organizations (HMOs): Require members to choose a primary care physician (PCP) and get referrals for specialists. Services are typically confined to a network of providers.
- Preferred Provider Organizations (PPOs): Offer more flexibility by allowing members to see any healthcare provider but incentivize using providers within a network through lower co-pays and deductibles.

Continued on Page 2

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- Point of Service (POS) Plans: Combine features of HMOs and PPOs. Members need a PCP referral for specialist services but have the option to go outside the network at a higher cost.
 - Exclusive Provider Organizations (EPOs): Similar to PPOs but do not cover out-of-network care except in emergencies.

How Does Managed Care Work?

Managed Care plans focus on prevention and coordinated care. They use networks of doctors, hospitals, and other healthcare providers to deliver services at reduced costs. Members often pay lower premiums and out-of-pocket expenses, but they must follow plan rules like getting pre-authorization for services and sticking to network providers.

Key Differences Between Medicare and Managed Care

Coverage and Eligibility

- Medicare is a federal program available to Americans primarily aged 65 and older, regardless of income or health status. Some younger individuals with disabilities may also qualify.
- Managed Care plans, often offered through employers or individual markets, are available to anyone, though terms and prices may vary based on factors like age, location, and health.

Cost Structure

- Medicare typically has standardized costs, with premiums, deductibles, and co-pays determined by the federal government.
- Managed Care plans' costs, including premiums, deductibles, and co-pays, can vary widely depending on the plan and the insurer.

Flexibility in Choosing Providers

- Medicare offers more freedom in choosing healthcare providers, especially with Original Medicare.
- Managed Care plans may limit choices to a network of preferred providers and require referrals for specialist visits.

Additional Benefits

- Medicare Advantage (Part C) plans may offer additional benefits like vision, dental, and wellness programs not covered by Original Medicare.
- Managed Care plans often include comprehensive benefits packages and may provide various wellness and preventative services as part of their coverage.

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