



Medicare and the Future of Psychotherapy

A quick guide to what's at stake, what to pay attention to, and links to deeper dives

People must choose between Traditional Medicare or plans called Medicare Advantage, which have been around for a long time but are currently being [aggressively marketed](#). Medicare Advantage plans can look attractive at first glance because they offer lower premiums. But, these plans are managed by private insurance companies – not the government – and we see many disadvantages. In exchange for those lower premiums, Medicare Advantage plans may employ a variety of restrictions such as limiting choice of provider, choice of hospitals and other facilities, and access to specialists. They may also require prior authorizations, charge higher out-of-pocket expenses and have higher or limitless yearly out-of-pocket limits than Medicare Part B with a Medigap (Medicare Supplement) policy. All of these disadvantages can severely impact accessibility of psychotherapy, and especially therapies of depth, insight and relationship for older adults and those on disability.

In this annual enrollment period, our patients have to make hard choices that the marketplace has only made harder

- [Misleading advertising](#) of Medicare Advantage plans are making it hard to understand the differences between plans, and in a Kaiser study, it was found that only 3 in 10 patients actually tried to compare plans. There are exceptions, but as a general rule: Medicare Advantage=HMO.
- Little known fact: it isn't always possible to "try out" Medicare Advantage and then return to traditional Medicare with the same ability to purchase a Medigap plan that will provide the coverage you seek. After the initial enrollment period at age 65, Medigap plans are able to charge higher rates or refuse coverage altogether to sicker patients.
- Traditional Medicare, paired with most Medigap plans, usually means no copay for psychotherapy sessions. For psychotherapy users, this is a significant part of assessing overall costs of plans—co-pays may balance out higher monthly premiums.
- Why does this matter so much? [Here](#) is a fuller explanation of Medicare options, and [here](#) is a more detailed explanation of Medigap plans. Keep reading here for PsiAN's own guide to Medicare choices, with a focus on the impact on psychotherapy.

What you can do:

- Actively advise your patients, when possible and clinically appropriate. Share PsiAN's guide with them.
- Take a look at the [PNHP website](#) for extensive information on Medicare and the future options for our healthcare system.
- Contact your elected officials if you feel strongly about these issues and are concerned with the misleading ways they've been communicated to the public.

PsiAN's Guide: Choosing Between Traditional Medicare and Medicare Advantage

- Everyone who qualifies for Medicare is automatically enrolled in **Part A**, which covers hospitalization and some other expenses.
- Here are the components of Traditional Medicare coverage:
 - **Part B**, which is a government-managed plan that covers outpatient expenses and some other services not covered by Part A
 - **Part D**, which covers drug expenses
 - Optional: You may add to these a supplemental, or **Medigap** plan, which covers some or all copays and other expenses not paid for by Traditional Medicare. Medigap is a private insurance plan offered by many private insurers.
- Instead of Traditional Medicare, you may enroll in **Part C**, Medicare Advantage. Part C, Medicare Advantage, is a private plan that covers services provided by parts A, B, and D.
- You do not enroll in both Parts B and C - you must choose one or the other.

Here is an **overview of the differences between Part B, Traditional Medicare, and Part C, Medicare Advantage**. In general, we recommend Part B plus Medigap and Part D, over Part C, if you can afford it, for these main reasons:

- Medicare Advantage (Part C) plans have been demonstrably disadvantageous to people who are sicker. If you have Part C and wait until you are sick to shift over to a Traditional Medicare plan, you may not be able to get a Medigap policy to cover copays and coinsurance, or that premium may be much higher. Because Traditional Medicare has no out of pocket limit, these costs can mount dramatically.
- The advantage of paying a lower premium for a Medicare Advantage plan may disappear if you are in long-term psychotherapy (or another regular outpatient service, like physical therapy) because you will be responsible for copays. One cannot purchase a Medigap policy (which covers co-pays) while having Medicare Advantage.

Part B, Traditional Medicare, Advantages:

- Benefits are clear and consistent for Part B participants. Unlike private insurance plans, traditional Medicare does not change its coverage from year to year. (For more info, see the [Medicare website](#).)
- Premiums are based on income level. In addition, the [Medicare Savings Program](#) pays a portion of Medicare premiums for qualifying low-income seniors and people on disability.
- You can see any provider that accepts Medicare, and the network is very broad. As of 2020 only 1% of physicians has [opted out](#) of the Medicare system.
- You can go to most hospitals, as the vast majority accept Medicare.
- There are no pre-authorizations for procedures and specialists.
- While you need to purchase Part D to get drug coverage, you can select a plan that covers the medications you are on. There is an [online tool](#) from the government that helps compare benefits based upon the medications you take.
- If you also buy a Medigap plan, your out of pocket expenses for copays are usually covered. Be sure to check this out, though – of late, there are some Medigap plans that don't cover all co-pays.

Part B, Traditional Medicare, Disadvantages:

- You may incur additional costs:
 - You can also, buy a Medigap plan to cover copays, which would be important if one is in psychotherapy
 - Prescription drug coverage is not included. Thus, for drug coverage, you must purchase a

Part D drug insurance plan for an additional premium.

Part C, Medicare Advantage, Advantages:

- Premiums may be lower.
- Prescription drug coverage is included.
- May include vision, dental, or other benefits.

Part C, Medicare Advantage, Disadvantages:

- These plans are mostly HMOs, and they are owned by private insurance companies which can change coverage as well as raise rates from year to year.
- You are limited to the network designated by the insurance company, which is usually not nearly as broad as the Traditional Medicare network. If you obtain care outside the limited network, payment may be denied and you will be responsible for the entire cost.
- The benefits and requirements are not the same in all plans, and you will have to compare policies to see which one is best for you.
- You must obtain any pre-approval required by the insurance company for specialists, procedures and other care. Among others, psychotherapists may be classified as specialists under these plans. If you fail to obtain the required pre-approval, payment can be denied and you will be responsible for the entire cost.
- While prescription drug coverage is included, you are limited to each insurance company's drug formulary (list of drugs). You are not able to compare formularies to make sure the drugs you use are covered the way you can for Part D.
- A [recent audit](#) found that 13% of denials for treatment under Part C would have been covered by Part B.
- Plans have been found to engage in [deceptive advertising](#) and distribution of false information. This is a big enough problem that the government is stepping in.

Quick comparison:

	Part B (Traditional Medicare + Medigap + Part D)	Part C (Medicare Advantage)
HMO-type network	no	yes, in most cases
Limited network of providers	no - all Medicare providers are covered	yes, in most cases
Limited network of hospitals	no	yes, in most cases
Benefits can change year-to-year at discretion of private insurer	no	yes
Premiums based on income level	yes	no
Medicare Savings Program for low-income enrollees	yes	no
Copays	usually covered by Medigap	usually out of pocket

Deductibles covered	no	no
Pre-approvals for specialists like psychotherapists	no	yes
Higher copays for specialists	no	sometimes
Drug coverage	must purchase a Part D plan, can compare formularies	yes, but plan decides which medications are covered and formularies can't be compared
Coverage while away from home – foreign	some Medigap policies provide coverage	no
Coverage while away from home – domestic	coverage is the same wherever you are in US	not necessarily - networks are local