

The Impact of Proposed Changes to Medicare Advantage in Tennessee

Medicare Advantage (MA) provides better access, more benefits and improved health outcomes than traditional Medicare for Tennessee's seniors and individuals with disabilities. Recent proposals from the Centers for Medicare and Medicaid Services (CMS) aim to flatten payments for 2027 and put the stability of the program – and its capacity to serve rural Tennesseans – at risk.

805,000 Tennesseans depend on Medicare Advantage for affordable, coordinated care

- In Tennessee, seniors and those with disabilities have access to **up to 45 MA plans in some counties**.
- 100% of Tennessee MA enrollees live in a county with at least 3 plans offered.

Key areas of concern for Tennessee

Rural Health Care Access



Medicare Advantage is a critical lifeline for rural health care providers, offering financial stability and preventing closures in vulnerable counties.

- 56,000 Tennesseans in rural areas rely on Medicare Advantage for access to care.
- For every 1% increase in MA market share, the risk of hospital closure drops by 4% (AJMC, 2023).
- 92% of rural Tennesseans on MA are satisfied with their access to coverage (AHIP, 2024).

Rising Medical Costs



With medical costs rising faster than proposed payment updates, Tennessee seniors and those with disabilities could face higher premiums, reduced benefits and increased out-of-pocket expenses.

Key cost drivers for Tennessee MA plans in 2025 include:

- Drug costs:
 - 8% increase in cancer,
 - 16.9% increase in diabetes
- Hospital admissions:
 - 1% increase in use,
 - 4.4% increase in costs
- Skilled nursing admissions:
 - 2.5% increase in visits,
 - 3.4% increase in costs
- Outpatient surgeries:
 - 5.5% increase in use,
 - 3.7% increase in costs

Medicare Advantage currently provides Tennesseans with:

- Financial security with a cap on out-of-pocket costs (MA beneficiaries, on average, save more than \$2,500 annually compared to those in original Medicare)
- Access to preventive care and chronic condition management
- Higher satisfaction rates compared to traditional Medicare plans (J.D. Power, 2024)

However, flat funding proposals threaten the ability to sustain these benefits, particularly in rural areas where care options are already limited.

What these changes could mean for Tennesseans

If payment rates do not reflect real-world cost increases, Tennessee's MA plans will be forced to make difficult decisions, including:

Potential benefits eliminations:

- Over-the-counter (OTC) drug allowances
- Meals after an inpatient stay
- Transportation
- Special supplemental benefits for chronic illness, such as healthy foods and home/environment safety services

Potential benefit reductions:

- Dental coverage
- Vision coverage
- Hearing coverage

Potential increases to premiums and cost-sharing:

- Increased premiums in many counties
- Higher out-of-pocket maximums
- Increased copays for specialists and primary care visits

Action Needed to Protect Tennessee's Seniors and those with Disabilities

Bottom line – Medicare Advantage works for Tennessee.

It strengthens rural health systems and delivers better value for seniors and people with disabilities.

As Congress considers Medicare policy and payment decisions, preserving the stability and viability of the MA program is critical to protecting access, affordability and choice for Tennessee beneficiaries.

Learn more about our efforts to support affordability at [BCBSTWorksForYou.com](https://www.BCBSTWorksForYou.com)