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**ANNUAL REPORT ON THE  
PERFORMANCE OF THE MASSACHUSETTS  
HEALTH CARE SYSTEM**

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**SUPPLEMENT 8: MEDICARE EXPENDITURES FOR  
MASSACHUSETTS BENEFICIARIES**



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# Medicare Expenditures for Massachusetts

This Supplement provides information on health care expenditures for Medicare beneficiaries in Massachusetts, and spending by type of Medicare program in 2012 and 2013.

Medicare spending for Massachusetts beneficiaries is a component of public spending included in Total Health Care Expenditures (THCE). Medicare is a federally-funded health insurance program for people aged 65 or older, people under 65 with certain disabilities, and people of all ages with End-Stage Renal Disease. Medicare Part A covers inpatient hospital services, skilled nursing services, home health care, and hospice care. Medicare Part B provides coverage for physician services (e.g. office visits and surgeries), laboratory tests, and durable medical equipment (e.g. wheelchairs and walkers). Medicare beneficiaries can choose to enroll in a commercial managed care plan under the Medicare Advantage program, also known as Part C. Medicare beneficiaries can also obtain prescription drug coverage through the Medicare Prescription Drug Plan (Part D) offered by private companies or as part of a Medicare Advantage plan.

Key Findings:

Spending for Massachusetts residents by all Medicare programs, including Medicare Advantage, was \$15.2 billion in 2013.

In 2013, total spending per beneficiary in the Medicare Parts A & B programs was \$11,546, a 2.1% decline from 2012.

Part D expenditures per beneficiary increased by +0.1% to \$3,094 in 2013.

## Medicare Spending for Massachusetts Beneficiaries

Spending for Massachusetts residents by all Medicare programs, including Medicare Advantage, grew to \$15.2 billion in 2013. This spending in 2013 represented 30% of THCE and half of all public program expenditures included in THCE.

### Medicare Fee-For-Service Program Total Expenditures<sup>1</sup>

Medicare Parts A, B, and D are Fee-for-service (FFS) programs. Total spending for Parts A and B (combined) increased by 0.4%,

and beneficiaries increased by 2.5% (Table 8.1). This resulted in an overall decline of Part A and B expenditures per beneficiary (program payments plus patient cost-sharing) decline of 2.1%, from \$11,792 in 2012 to \$11,546 in 2013. Part D expenditures per beneficiary for standalone plans increased by 0.1%, from \$3,092 in 2012 to \$3,094 in 2013. Please note the numbers presented here represent actual spending without health status adjustments. Please see Technical Appendix for more information.

Table 8.1: Total Spending Per Beneficiary for Medicare Fee-For-Service Plans

### Medicare Advantage Health-Status Adjusted Total Medical Expenses

The Medicare Advantage plan (Part C) is a type of Medicare managed care plan offered by a commercial payer that contracts with Medicare to provide beneficiaries with all Part A and Part B benefits, sometimes accompanied by prescription drug benefits. Medicare Advantage plans reported a 10.8% increase in spending and a 4.3% increase in enrollment from 2012 to 2013.<sup>2</sup> On a per member per month (PMPM) basis, overall spending increased by 6.3%.

Category	Program	% Change in Beneficiaries	2012 Total Spending Per Beneficiary	2013 Total Spending Per Beneficiary	% Change in Spending Per Beneficiary
Medicare Fee-for-Service	Parts A & B	2.5%	\$11,791.86	\$11,546.21	-2.1%
	Part D	10.2%	\$3,091.88	\$3,093.56	0.1%

8.1 Total Spending Per Beneficiary for Medicare Fee-For-Service Plans

<sup>1</sup> Medicare Fee-for-Service expenditures and enrollment were provided by the Centers for Medicare and Medicaid Services (CMS) to CHIA on an annual basis and are therefore presented on a per-beneficiary instead of per member per month basis.

<sup>2</sup> Medicare Advantage plan data is reported by commercial payers to CHIA annually as part of their Total Medical Expense (TME) filings. Please see the Databook: Total Medical Expenses by Payer for more information on Medicare Advantage TME.



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