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Rural Health REPORT:

The Problems With Medicare Advantage



Rural Health Report: An Ongoing Series

Examining the people, policy, and programs sustaining healthcare access in rural Georgia.

A Pattern of Delays & Denials



After Aetna, a large health insurer, initially denied the claim for a patient's nearly two-week hospital stay, Phoebe persuaded the company to reverse its decision and issue reimbursement. Thirteen months later, a vendor the insurer hired to perform post-payment reviews notified Phoebe that the hospital admission was deemed "not medically necessary" and that the payment would be recouped.

In another instance, Anthem Blue Cross delayed paying for a woman's C-section for more than a year, explaining there was a discrepancy between her legal, married surname and the maiden name it had on file. Despite numerous attempts to clarify, the issue went unresolved for months while the insurer requested medical records and itemized bills, then transferred her case to a different department.

Lastly, Aetna's unexplained delay in approving a request for an inpatient rehabilitation admission kept a patient hospitalized for two days longer than was clinically necessary. The patient had been diagnosed with an intracranial hemorrhage after arriving at the Phoebe ER partially paralyzed and with slurred speech. The patient had been stabilized and met all the requirements for inpatient rehab.

The common throughline? Each patient was covered by a Medicare Advantage plan.

$15.2 million

Total amount of unpaid Medicare Advantage claims that were more than six months old.

Phoebe Putney Health System internal review of Medicare Advantage claims, fiscal year 2025

What is Medicare Advantage?

Medicare Advantage, or MA, is an alternative version of the government-funded healthcare program for seniors that is offered through private insurers. Enrollment in MA plans has grown sharply in recent years. As of 2026, MA accounts for **55%** of all Medicare beneficiaries.

But Medicare Advantage plans have proven problematic for rural health systems like Phoebe — and for the patients who enroll in them.

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Delays & Denials

MA plans limit access to smaller networks of providers than “original” Medicare, and they typically require prior authorizations for coverage of certain services or procedures. They can also deny coverage for care already delivered if they deem it unnecessary, so long as they follow Medicare coverage guidelines.

Medicare Advantage plans in 2024 issued **53 million** prior authorization requests, about **1.7** per enrollee, compared to just **625,000** for original Medicare, according to KFF.

Major health systems have abandoned Medicare Advantage contracts because they can’t sustain the financial losses. That threatens seniors’ access to care, especially in rural and underserved communities.

The Impact at Rural Hospitals like Phoebe

Recently, Phoebe analyzed **12 months** of data on Medicare Advantage claims. We found excessive records requests, itemized-bill requests, added process burden and repeated delays in receiving claim status updates. The results were worse than anticipated.

- Medicare Advantage payers denied **83%** of claims, compared to **17%** overall for traditional Medicare.
- The average payment time for MA claims was **73.2 days**, far beyond the Federal Prompt Payment Rule, which requires that **95%** of clean claims be paid within 30 calendar days.
- Phoebe had **$15.2 million** in unpaid claims that were more than six months old.
- Downcoding hospital admissions claims to “observation,” which triggers a lower reimbursement amount, increased by **45.1%** from the top six plans.

“When these highly profitable Medicare Advantage plans find ways to delay, reduce or avoid payments altogether, they’re creating financial pressure for hospitals and jeopardizing necessary care for patients,” said Tom Lynch, Vice President of Managed Care at Phoebe. “Rural hospitals and their patients need stronger federal protections from this kind of predatory self-dealing.”

83%
Percentage of claims denied by MA payers

17%
Percentage of claims denied by traditional Medicare

Call for Policy Changes

Phoebe has outlined its requests to members of Congress:

- Require MA plans to use criteria no more restrictive than traditional Medicare
- Strengthen prior authorization safeguards, including faster decision timelines and limits on using AI or non-clinical denials
- Protect provider appeal rights and require formal denials when plans reduce or reclassify payments
- Increase transparency through public reporting of denial, appeal and overturn rates
- Issue penalties for repeat violations