

ResearchBRIEF

Less Postacute Care for Medicare Advantage Beneficiaries Does Not Mean Worse Health

Shorter Stays in Skilled Nursing Facilities and Less Home Health Didn't Lead to Worse Outcomes, Pointing to Opportunities for Traditional Medicare

By Chris Tachibana, PhD, MS

Key Findings

Traditional Medicare may be paying for unnecessary care after hospitalizations, a [new LDI study](#) reports. Compared to people covered by traditional fee-for-service Medicare, Medicare Advantage beneficiaries used less postacute care, including fewer days in skilled nursing facilities, without experiencing higher mortality or readmission rates. The results suggest that postacute care under traditional Medicare could be reduced by adopting care and payment patterns similar to those used in Medicare Advantage.

THE RESEARCH QUESTION

How do traditional Medicare and Medicare Advantage beneficiaries differ in health care utilization and outcomes after hospitalization?

Traditional Medicare spends more than \$57 billion annually on beneficiaries' postacute care. In 2024, LDI Senior Fellow [Robert Burke](#) and LDI Executive Director [Rachel M. Werner](#), along with colleagues, found that traditional Medicare recipients used [more days of costly postacute care](#) than Medicare Advantage beneficiaries. These findings suggested traditional Medicare spending on postacute care could be reduced.

However, the 2024 study did not determine whether receiving less postacute care affected the health of Medicare Advantage recipients. In their [new study](#), the researchers asked if reduced postacute care use increased beneficiaries' risk of hospital readmission or death.

THE FINDINGS

The researchers compared traditional Medicare and Medicare Advantage beneficiaries who were hospitalized in 2015 or in 2021. All participants were age 66 or older and were discharged to a skilled nursing facility or home health care.

In contrast to traditional Medicare beneficiaries, those enrolled in Medicare Advantage used significantly less postacute care: six fewer days in skilled nursing facilities and four fewer days in home health care.

With an average of around 35 days across both types of care, this represented about 17% fewer days in skilled nursing facilities and 12% fewer in home health care. [Medicare pays a](#)

base rate of about \$434 a day for skilled nursing facility care for [1.3 million beneficiaries](#) a year, so this reduction in care could save an estimated \$3.4 billion annually.

In the 100 days after hospital discharge, Medicare Advantage beneficiaries had a lower probability of hospital readmission and spent about two more days in the community than those with traditional coverage. Medicare Advantage enrollees were also slightly better at performing daily activities such as bathing, and were slightly less likely to die in the 100 days after hospitalization.

THE IMPLICATIONS

People covered by traditional Medicare may use more postacute care than they need, the LDI researchers said. Medicare could potentially reduce spending if traditional plans adopted Medicare Advantage policies that safely transition hospitalized patients into the community sooner.

The best policies to achieve these goals are not yet clear. Many Medicare Advantage policies are unpopular with clinicians and patients, including requirements for prior authorization from insurance plans for many services.

Medicare Advantage practices that traditional Medicare might test with less resistance include more active patient management through dedicated nurse managers. Adjusting the financial incentives of traditional Medicare could also help achieve savings goals. Examples include Accountable Care Organizations, bundled payments, and the Transforming Episode Accountability Model ([TEAM](#)) of coordinated care and episode-based payments. The researchers suggested that the [Medicare Spending Per Beneficiary metric](#), which ranks hospitals by the amount Medicare pays for care before, during, and after hospitalization, could support these efforts.

More research could clarify which Medicare Advantage elements reduce care without causing harm, Burke explained.

Studies may identify groups with especially high use of unnecessary postacute care who would benefit from interventions to limit that care. Burke and colleagues are interested in collaborating with Medicare plans that have access to patient-level data to conduct these studies.

However, a challenge to learning how traditional Medicare might reduce postacute care costs is that Medicare Advantage beneficiaries tend to switch to a traditional plan after a serious medical incident. The researchers also note that financial incentives aimed at reducing postacute care shift the burden of care to [unpaid friends and family members](#).

THE STUDY

The study used 100% files from 2015 and 2021 Centers for Medicare & Medicaid Services data on nearly 7.3 million hospitalizations. The methods accounted for the fact that individuals who chose traditional Medicare and those enrolled in Medicare Advantage had differences in clinical complexity. The researchers leveraged the [growth](#) in Medicare Advantage enrollment to identify Medicare Advantage recipients who, in the absence of Medicare Advantage growth, would have had traditional Medicare coverage.

This approach allowed the researchers to create comparison insurance groups (traditional group = 2,159,923, Advantage group = 1,302,222) that had similar characteristics, including demographics, area of residence, and overall health. Burke noted that the study excluded individuals hospitalized for longer than 30 days, and sicker patients may need more post-hospitalization care.

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SOURCE PUBLICATION

Roy, I., Hutchins, F., Rose, L., Zhong, S., Patel, S.R., Kumar, A., Werner, R.M., Burke, R.E. (2025). Postacute Care Utilization and Outcomes Among Medicare Advantage vs Traditional Medicare Beneficiaries. *JAMA Network Open* [doi:10.1001/jamanetworkopen.2025.40347](https://doi.org/10.1001/jamanetworkopen.2025.40347)

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