



Statewide Purchasing Alliance of New York (SPANY)

Administrator of the Broome County Purchasing Alliance (BCPA)

Not All Medicare Advantage Plans Are the Same: What Town Officials Should Understand Before Evaluating Retiree Health Coverage

Across New York, towns are under growing pressure to protect retiree health benefits while managing long-term budget exposure. At the same time, the term Medicare Advantage is often misunderstood in the public marketplace.

Many retirees understandably associate Medicare Advantage with individual plans advertised on television, narrow HMO networks, annual benefit disruption, limited out-of-state access, or carrier-driven plan designs that were never built for public-sector retirees.

That is not the SPANY-BCPA model.

The Broome County Purchasing Alliance (BCPA), administered by the Statewide Purchasing Alliance of New York (SPANY), was built for New York public employers and their Medicare-eligible retirees. It is not an HMO-style arrangement and it is not a mass-market individual Medicare product. It is a municipally focused, retiree-first Medicare Advantage PPO program designed around access, stability, predictable costs, and preservation of retiree choice.

One of the most common questions we hear from town officials, retirees, union representatives, brokers, and board members is straightforward: if a retiree enrolls in a SPANY-BCPA Medicare Advantage PPO or MAPD plan through Excellus, what happens to Original Medicare, and who pays the claim?

Retirees do not give up Medicare

The simple answer is this: retirees do not give up Medicare. They remain Medicare beneficiaries, but Excellus administers and pays most Medicare-covered claims through the SPANY-BCPA Medicare Advantage PPO plan.

Enrollment in a Medicare Advantage plan does not remove a retiree from Medicare. A retiree must remain enrolled in Medicare Part A and Part B to participate. Original Medicare remains the basis of eligibility, but most Part A and Part B benefits are delivered through the Medicare Advantage plan rather than the traditional fee-for-service Medicare claims process.

In practical terms, the retiree is still a Medicare beneficiary. The retiree continues paying the Part B premium, maintains Medicare eligibility, and follows the plan's enrollment requirements. What changes is the way Medicare benefits are administered.

Medicare Advantage is not a supplement paying second

This is where much of the confusion begins. A Medicare Supplement, also called Medigap, sits behind Original Medicare. In that arrangement, Original Medicare pays first, and the supplement may pay some or all of the remaining deductible or coinsurance.

A Medicare Advantage plan works differently. It is not simply a secondary payer behind Original Medicare. Medicare pays the Medicare Advantage organization, and that organization administers the retiree's covered Medicare benefits under the approved plan design.

For SPANY-BCPA retirees, the Excellus Medicare Advantage PPO plan processes and pays most claims according to the SPANY-BCPA benefit structure. The retiree generally presents the Excellus Medicare Advantage ID card when receiving care. The provider bills the Medicare Advantage plan, and the plan pays under its rules. Original Medicare remains the foundation, but it is not usually paying the provider first and then asking Excellus to pay second.

Limited exceptions under Medicare rules

Original Medicare may still be involved directly in limited situations, such as hospice care, certain clinical trial costs, or benefits that Medicare policy requires outside the Medicare Advantage plan. Those exceptions do not change the general rule: for most routine hospital, physician, outpatient, and medical services, the Medicare Advantage plan is the retiree's primary coverage vehicle once enrolled.

Why the SPANY-BCPA Passive PPO matters

Medicare Advantage does not automatically mean an HMO. The SPANY-BCPA Medicare Advantage PPO model is a Passive PPO. Retirees may use providers nationwide who accept Medicare and bill the plan, with no referrals, no narrow HMO-style gatekeeping, and no geographic limitation that forces retirees to remain inside Upstate New York.

The model is designed so in-network and out-of-network benefits work the same, giving retirees broad access whether they live locally, winter out of state, travel frequently, or receive care outside the Excellus service area. With BlueCard access layered on top, retirees receive broad national access while municipalities receive the budget protection of a fully insured plan.

How this protects towns and other public employers

For towns, the SPANY-BCPA structure addresses both retiree confidence and employer financial risk. The program is designed around provider access, predictable out-of-pocket protection, and plan stability, while shifting covered retiree medical claims risk away from the municipality and into a fully insured structure.

Instead of carrying unpredictable Medicare retiree claim volatility, the municipality pays a fixed premium under the plan arrangement. Because the program is community rated and pooled through a statewide municipal framework, towns and other eligible public employers can access pricing stability and benefit design that would be difficult, and often impossible, to negotiate alone.

Voluntary participation and no minimum retiree requirement

A town does not need to move every retiree at once in order to participate. SPANY-BCPA can accept any number of Medicare-eligible retirees, even a very small group, provided that at least one SPANY-BCPA plan is offered to all Medicare-eligible retirees of the employer on a fair and consistent basis.

This allows towns to consider a voluntary offering, a phased approach, or a parallel option alongside existing coverage, subject to the employer’s labor agreements, retiree communications strategy, and applicable plan requirements.

MAPD and MA-Only options

SPANY-BCPA includes Medicare Advantage Prescription Drug (MAPD) options and Medicare Advantage only (MA-Only) options. MAPD plans combine medical and prescription drug coverage in one Medicare Advantage arrangement. MA-Only options provide the Medicare Advantage medical plan, while prescription drug coverage may be handled separately, depending on the employer’s strategy.

This flexibility matters because public employers do not all have the same retiree obligations, collective bargaining language, prescription drug arrangements, or budget objectives. The goal is to match the right SPANY-BCPA structure to the employer’s current retiree health obligations and long-term financial goals.

Common questions, quick answers

Question	Answer
Do retirees lose Medicare if they enroll?	No. They remain enrolled in Medicare Parts A and B and receive most benefits through the Excellus Medicare Advantage PPO.
Does Original Medicare pay first and the plan pay second?	Usually no. That is how a supplement typically works. Under Medicare Advantage, Medicare pays the plan, and Excellus administers and pays most claims under the SPANY-BCPA plan design.
Does Medicare Advantage mean an HMO? Are retirees limited to local doctors?	No. SPANY-BCPA is a Passive PPO, not an HMO-style plan. No. The Passive PPO is designed for nationwide access to providers who accept Medicare and bill the plan.
Does the municipality still carry claim risk?	Under the fully insured SPANY-BCPA structure, the insurer, not the municipality, assumes covered claims risk under the plan arrangement.

Why this matters now

Municipal retiree health benefits are too important to be evaluated through broad assumptions about the Medicare Advantage marketplace. Not all Medicare Advantage plans are the same, and not every plan is built with public employers, retirees, unions, and local taxpayers in mind.

SPANY and the BCPA were created to give municipalities a better path: a retiree-first Passive PPO structure, municipal pooling, fully insured risk protection, community-rated pricing, predictable renewals, practical administrative support, and the flexibility to offer coverage without a minimum retiree count.

For New York towns, the question should not be whether Medicare Advantage is good or bad in the abstract. The better question is whether a particular plan protects retirees, preserves access, removes unnecessary municipal claims risk, and gives the town a stable, understandable path forward. That is the purpose of the SPANY-BCPA model.

SPANY welcomes the opportunity to review current Medicare-eligible retiree health arrangements, prepare side-by-side comparisons, and explain how the SPANY-BCPA model may fit the needs of towns and their retirees.

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