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Contact: Scott Mulhauser/Erin Shields (Baucus), 224-4515
Rebecca Gale (Rockefeller), 224 6101
Matthew Beck (Levin), 225-8933
Karen Lightfoot (Waxman), 225 2927
Brian Cook (Stark), 225-3202
Erin Bzymek (Pallone), 225-4671

CONGRESSIONAL LEADERS URGE HHS SECRETARY TO PROTECT SENIORS IN MEDICARE ADVANTAGE PLANS

Finance, Ways and Means, Energy and Commerce Committee leaders work to prevent rate hikes, benefit cuts for seniors in Medicare Advantage plans

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.), Senate Finance Health Subcommittee Chairman Jay Rockefeller (D-W.V.), House Ways and Means Committee Chairman Sander Levin (D-Mich.), House Energy and Commerce Committee Chairman Henry A. Waxman (D-Calif.), House Ways and Means Subcommittee on Health Chairman Pete Stark (D-Calif.) and House Energy and Commerce Subcommittee on Health Chairman Frank Pallone, Jr. (D-N.J.) sent a letter late yesterday to Health and Human Services (HHS) Secretary Kathleen Sebelius urging her to closely review Medicare Advantage plan bids for 2011. The congressional leaders encouraged the Secretary to require private insurance companies to justify any proposed changes in premiums or benefits for seniors in Medicare Advantage plans. The leaders also asked the Secretary to use the authority given to her by the recently passed health reform law, the Patient Protection and Affordable care Act, to protect seniors from unwarranted rate hikes and high out-of-pocket costs.

"Health care reform strengthened Medicare and made Medicare Advantage more competitive, but it is critical that we don't let private insurance companies use these changes as an excuse to raise premiums or cut benefits for seniors to bolster their own bottom line," said Baucus. **"The Affordable Care Act gave the Secretary new authority to crack down on private insurance companies that take advantage of the Medicare Advantage program and I'm confident she will use it protect seniors' benefits."**

"Seniors on fixed incomes shouldn't be subjected to exorbitant health care premium increases," said Rockefeller. **"The Federal Government must continue to crack down on the unscrupulous practices of private health insurers."**

"Health reform takes critical steps toward ensuring the integrity of Medicare by arming CMS with the tools they need to protect beneficiaries from abusive insurance company practices," said Levin. **"CMS must now use these tools and remain vigilant so that Medicare beneficiaries have someone fighting in their corner."**

"Medicare plays a critically important role insuring that millions of Americans receive the health care they need," said Waxman. **"Today we are encouraging the Administration to take a critical look at the Medicare Advantage plans' bids for 2011 to insure that taxpayer funds are spent wisely."**

"Insurers have been reaping huge profits at the expense of Medicare beneficiaries and taxpayers," said Stark. **"Health reform trimmed gross overpayments from the Medicare Advantage program. CMS must carefully police these insurers to make sure they don't continue bilking seniors to pad their profit margins."**

"Thanks to the Affordable Health Care Act, the Secretary of Health and Human Services will have the power she needs to properly monitor Medicare Advantage plans during the bidding process," said Pallone. **"I urge her to use her new authority to carefully review the bids being submitted by Medicare Advantage plans to make sure that they are in the best interest of America's seniors."**

Baucus, Rockefeller, Levin, Waxman, Stark and Pallone all worked to draft and pass the Affordable Care Act in March of this year. The full text of the letter follows here.

June 3, 2010

The Honorable Kathleen Sebelius
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius:

As you know, the statutory deadline for Medicare Advantage (MA) plans to submit their bids that outline benefits and premiums for 2011 is June 7th. We are writing to urge you to ensure that the Centers for Medicare and Medicaid Services (CMS) undertake a robust and thorough review of their bid submissions to justify changes in the premiums or benefits that plans may propose for next year. To promote stability in the program, the health reform legislation protected 2011 plan payment rates and took care to phase in future payment changes to minimize disruption. Any effort by MA plans to increase beneficiary premiums or reduce benefits next year should be carefully evaluated in light of these payment protections.

Substantial errors made by WellPoint in projecting medical cost trends in California for 2011—uncovered and corrected only after a rigorous assessment of the company's rate filing documents—are an example of the kind of review that would protect Medicare beneficiaries and the program from unjustified premium increases or benefit changes. The Office of the Actuary at CMS already collects detailed actuarial information in the bid submissions and has statutory authority to request additional documents as needed during the bid reviews.

In addition, according to a Government Accountability Office (GAO) report requested by the House Committees on Ways and Means and Energy and Commerce, lower beneficiary premiums for certain MA plans in 2008 attracted healthier enrollees, but if those enrollees became ill they faced considerable and unexpected out-of-pocket expenditures that often exceeded Medicare fee-for-service limits by significant amounts.

The Affordable Care Act provides additional authority to protect beneficiaries from MA plans that offer discriminatory benefit packages. In particular, it limits the ability of these plans to charge higher cost-sharing than fee-for-service Medicare in three specific categories where abuses are well-documented and provides the Secretary with authority to extend this protection to additional services as needed. The Affordable Care Act also removes unwarranted overpayments that have caused Medicare Advantage to cost more than Medicare fee-for-service, shortened the solvency of the Medicare trust fund, and led to higher premiums for the more than three-quarters of beneficiaries in traditional Medicare. In phasing out these overpayments, CMS must ensure that plans work to trim administrative costs and other overhead, rather than merely shifting additional costs onto beneficiaries to preserve their bottom line.

The Affordable Care Act increases the authority vested in the Secretary to hold MA plans accountable for their bid submissions. Using this authority, we expect the Secretary and officials at CMS to ensure that the bid proposals are accurate, merit approval and are not discriminatory in benefit design or relative to plan payments.

We look forward to continuing to work together to ensure appropriate implementation of the Affordable Care Act. Thank you for your attention to this important matter.

Sincerely,

Sander M. Levin
Chairman
House Committee on Ways & Means

Henry A. Waxman
Chairman
House Committee on Energy & Commerce

Max Baucus
Chairman
Senate Committee on Finance

Pete Stark
Chairman
Subcommittee on Health
House Committee on Ways & Means

John D. Rockefeller IV
Chairman
Subcommittee on Health
Senate Committee on Finance

Frank Pallone, Jr.
Chairman
Subcommittee on Health
House Committee on Energy & Commerce

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