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AT BAUCUS' URGING, CMS CRACKS DOWN ON INSURANCE COMPANY SCARE TACTICS

Baucus calls insurance company tactics in letter to seniors "wholly unacceptable"

Washington, DC – At the urging of Senate Finance Committee Chairman Max Baucus (D-Mont.) the Centers for Medicare & Medicaid Services (CMS) has cracked down on insurance company attempts to mislead and confuse beneficiaries about how they would be affected by health care reform legislation being crafted in the Finance Committee and other congressional committees. The CMS investigation into the beneficiary letter was prompted by a Baucus request for the agency to review the insurance company's tactics last week. Baucus condemned insurance industry scare tactics and stressed that health reform legislation will include significant improvements to the Medicare program that will benefit seniors.

"It is wholly unacceptable for insurance companies to mislead seniors regarding any subject – particularly on a subject as important to them, and to the nation, as health care reform," said Baucus. **"The health care reform bill we released last week strengthens Medicare and does not cut benefits covered under the Medicare program – and seniors need to know that. From lower prescription drug costs to free preventive care to better treatment for chronic conditions, seniors have so much to gain from health reform and I'm not going to let insurance company profits stand in the way of improving Medicare for seniors."**

False claims in the Humana letter to beneficiaries include the threat of seniors losing benefits in the Medicare Advantage program. In fact, the America's Health Future Act does not include cuts to Medicare benefits and would, instead, improve the value of Medicare Advantage by reforming payments so that they appropriately reimburse insurers for their costs and promote plans that offer high quality, efficient health care for seniors. In fact, the independent Medicare Payment Advisory Commission (MedPAC) has found that even after the cost of delivering benefits, of marketing, and of profits, Medicare Advantage plans are paid 14 percent more, on average, than traditional Medicare.

The CMS letter to Humana, Inc. expresses concern that, in addition to attempts to confuse beneficiaries, the company's letter violates federal regulations regarding the Medicare Advantage program. The agency ordered Humana to immediately end the mailings and said, depending upon the findings of the investigation, it would pursue enforcement actions. A copy of the CMS letter to Humana, Inc. is attached and available on the Finance Committee website at <http://www.finance.senate.gov/sitepages/baucus.htm>.

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