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BAUCUS, HARKIN CHEER PROGRESS CONTROLLING COSTS FOR SENIORS, IMPROVING COVERAGE IN MEDICARE ADVANTAGE

Senators Release Report Showing Premium Decrease, Higher Enrollment in Medicare Advantage

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Health, Labor, Education and Pensions Committee Chairman Tom Harkin (D-Iowa) today touted recent progress in Medicare Advantage (MA) reining in costs, increasing coverage and maintaining high-quality care for seniors. A [new report](#) from the Government Accountability Office (GAO), which the senators requested earlier this year, showed significant decreases in premiums and gains in enrollment, even [outperforming 2011 projections](#) made by the Centers for Medicare and Medicaid Services (CMS). As chief Senate architects of the Affordable Care Act (ACA), Baucus and Harkin helped enact measures to curb costs and preserve the quality of care offered by MA plans.

“This report clearly shows health reform is doing exactly what it needs to do – helping seniors save money on the care that’s right for them,” Baucus said. **“For years, seniors in Medicare Advantage plans saw their premiums rising without any improvement in care, but that’s no longer the case. Health reform is making Medicare Advantage more efficient, and that means more money in seniors’ pockets and more seniors enrolled in high-quality plans.”**

“The changes we made in the ACA are vital to strengthening Medicare, by improving quality and efficiency while reducing waste. The Act reduced wasteful overpayments to private Medicare Advantage plans, while increasing plans’ incentives to offer high quality care. This GAO report shows that those reforms are working for Medicare beneficiaries. They have undiminished access to Medicare Advantage plans – the report shows that enrollment in these plans increased by 6 percent, or about half a million people. And coverage has become more affordable – the average monthly premium declined from 2010 to 2011 by about 14 percent, and cost sharing for beneficiaries continued to be affordable,” Harkin said.

According to the senators’ GAO report, the premiums seniors paid for their plans in 2011 dropped by 14 percent from what they paid in 2010, saving them an average of nearly \$50 over the course of the year. And enrollment jumped by nearly six percent, as a half-million seniors signed up for Medicare Advantage plans. Additionally, thanks to the ACA, 100 percent of seniors enrolled in MA plans are now protected by out-of-pocket maximums that prevent the kind of unforeseen situations that often led to family bankruptcy before health reform.

The drop in premiums represents significant progress controlling costs in Medicare Advantage, which had been the costlier alternative to traditional Medicare prior to the ACA’s enactment. Due to overpayments to private insurance companies and other areas of waste, MA plans previously cost 113

percent as much as those in traditional Medicare offering equivalent coverage and services. Several ACA provisions were designed to address that waste and stop the overpayments. And in late 2010, CMS [forecasted](#) this year's premiums would drop by only one percent and enrollment would increase by only five percent. As the senators' report shows, MA plans outperformed both those projections this year.

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