

Rep. Pete Stark
Introduction Statement for
The Medicare Advantage Truth in Advertising Act
June 27, 2007

Medicare Advantage Plans – by name and by advertising – promote that they provide added value to the Medicare benefit.

But under current law, MA plans are allowed to manipulate cost sharing for Medicare benefits. In some instances, enrollees save compared to Medicare. In many other instances, they spend more than they would in the traditional Medicare program. Few seniors or people with disabilities understand that – depending on their health – they could spend far more in a Medicare Advantage plan than they would under traditional Medicare.

Beneficiaries are often charged more for home health, skilled nursing facilities, hospitalizations, durable medical equipment, Part B drugs (chemotherapy being the biggest service), and inpatient mental health services. These services are vital to millions of Medicare beneficiaries who face multiple chronic conditions and depend on affordable health care for their very lives.

As Barbara Kennelly, President of the National Committee to Preserve Social Security and Medicare so aptly puts it, “While MA plans are required to cover everything that Medicare covers, they do not have to cover every benefit in the same way.”

The Medicare Rights Center emphasizes that, “On a daily basis, our counselors assist older adults and people with disabilities enrolled in these plans who run into unexpectedly high out-of-pocket costs for their health care.”

In my district in California, one of the major MA plans in our community charges \$275 a day for the first 10-days in the hospital. This compares to a single charge of \$992 in traditional Medicare for a hospital stay of up to 60 days. That means patients in this so-called Medicare Advantage plan who have to go to the hospital for 10 days are paying \$2750 instead of \$992 – that is not an advantage!

With regard to home health benefits, Medicare charges no copayment for these services as recipients tend to be the most frail, elderly

women who are often widows and living on very low fixed incomes. Yet many MA plans charge a 20% copayment for home health. They also impose tough utilization review standards to further restrict access to this needed benefit for our most at-risk beneficiaries.

Attached is a chart which further highlights how beneficiary cost sharing for various services in a variety of MA plans surpasses Medicare's cost-sharing for those same services. It is just an illustrative sampling.

The Medicare Advantage Truth in Advertising Act would fix this problem. It would require MA plans to cover all of Medicare's benefits with no greater cost-sharing than is charged in the traditional fee-for-service Medicare program. It would preserve the ability of MA plans to use flat copayments and per diem rates in lieu of deductibles and co-insurance charged in traditional Medicare, but it would prohibit their costs from exceeding the overall fee-for-service cost. In other words, it holds private plans to their propaganda that they're an advantage.

This is a simple bill. It holds Medicare Advantage plans to their word and assures Medicare beneficiaries that they won't face higher out of pocket costs if they choose to join one of the private plan options so heavily promoted in Medicare today.

With thousands of different MA plans out there and numerous complaints being filed about inappropriate – and illegal – sales techniques, the least we can do is assure Medicare beneficiaries that they'll still be eligible for Medicare-covered services at no more than Medicare prices.

I developed this bill in direct response to testimony presented by Medicare beneficiary advocates before our Ways and Means Health Subcommittee this year. I am pleased that numerous groups support this bill, including the National Committee to Preserve Social Security and Medicare, the Medicare Rights Center, Consumers Union, the Alliance for Retired Americans, the Center for Medicare Advocacy, Families USA, the National Senior Citizens Law Center and California Health Advocates.

I urge you to join me in support of this common sense improvement to the Medicare Advantage program.