

-- Roll Call

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HEADLINE: Hold Plans to Original Commitment

BYLINE: Congressman Pete Stark

What a difference two decades can make. When private plans first asked to join Medicare, they said they could provide Medicare's benefits better and cheaper than the government. They argued for payments that were 5 percent lower than Medicare Fee-for-Service. Under that commitment, Congress agreed to let them participate. Today, Medicare Advantage plans cost taxpayers significantly more than traditional Medicare Fee-for-Service. On average, they're paid 12 percent more - a 17 percentage-point swing from their "better and cheaper" argument.

That's why Congress is looking at payment changes to the Medicare Advantage program.

The fact that MA plans are overpaid isn't under debate. Government and private experts have found private plans to be massively overpaid. The Medicare Payment Advisory Commission, the Health and Human Services Office of Inspector General and the Commonwealth Fund all agree that MA plans receive, on average, 12 percent more than the cost of care in traditional Medicare. Individual plans in certain localities are paid up to 50 percent more.

These drastic overpayments undermine Medicare. While fewer than two in 10 beneficiaries are enrolled in private plans, MA overpayments raise premiums for all beneficiaries. Medicare Chief Actuary Rick Foster estimates that "additional payments to MA plans add about \$2 per month to [the] standard [Part B] premium." Overpayments to private plans also deplete the Medicare Trust Fund by two years.

The Congressional Budget Office estimates that equalizing payments between MA and traditional Medicare would save taxpayers \$54 billion over five years and \$149 billion over 10. Sounds like a no-

brainer, right? Particularly because private plans themselves campaigned for equal payments in the 1990s. At that time, none other than Karen Ignagni, president of America's Health Insurance Plans, said she'd "like to see parity."

These days, however, the private plans that benefit from overpayments are mounting a spirited advertising, lobbying and misinformation campaign to protect their bottom lines.

AHIP and the Blue Cross Blue Shield Association have released pamphlets asserting that black and low-income beneficiaries disproportionately benefit from MA plans and would be adversely affected by reducing overpayments. In reality, statistics show that black and low-income seniors enroll in private plans in the same proportion as all Medicare beneficiaries.

Rather than continue overpayments to MA plans, we should increase support for the Medicare Savings Program and the Medicare Prescription Drug Low-Income Subsidy program. These valuable programs directly help needy beneficiaries pay Medicare premiums and meet cost-sharing requirements. I'm committed to improving and expanding these programs this year.

Private plans also are disingenuous when promoting the so-called extra benefits they provide to some beneficiaries. They fail to mention that as often as they may provide lower cost-sharing for some services, they charge more for others, including lengthy hospital visits, wheelchairs and home health care. AHIP's dirty secret is that many beneficiaries face much higher costs in MA plans than they do in traditional Medicare.

For example, the Medicare deductible for a hospital stay for up to 60 days is less than \$1,000. But in my district, beneficiaries enrolled in a prominent MA plan pay \$2,750 for a 10-day hospital stay. That is nearly three times the Medicare rate.

The insurance industry wrongly asserts that Democrats want to abolish the MA program. A large number of the Medicare beneficiaries in the district I represent are enrolled in these plans. Neither my colleagues nor I want to eliminate them. We just want to hold plans to their original commitment to provide Medicare benefits at no greater cost.

Equalizing MA payments is good policy that we would be pursuing even if budgetary demands were not forcing us to take a hard look at Medicare's payment policies. But it's even more urgent because we do have tough choices. The Democratic Congress is confronting two important - and costly - health care priorities this year.

First, we're dedicated to reauthorizing and expanding the State Children's Health Insurance Program, which provides coverage to millions of children in lower-income families. SCHIP improvements will cover millions more kids but are projected to cost \$50 billion.

Second, Democrats are committed to fairly compensating doctors for their work in Medicare - and to avoiding the annual lobbying sessions and temporary fixes that characterized Republican Congresses. We need to prevent the scheduled 10 percent physician payment reduction for next year and build a road to a better payment mechanism.

Given these priorities, the case for equalizing payments and saving taxpayers billions should be a slam dunk. But Republican "fiscal conservatives" are intent on continuing wasteful overpayments.

Why? That's the real crux of this debate. This isn't a fight over spending. Critics of MA overpayments win that argument hands-down. This is a fight over ideology. Republicans don't mind overpaying MA plans because doing so increases private enrollment and decreases participation in traditional Medicare, making it easier to achieve their long-stated goal of having Medicare "wither on the vine."

Supporters of overpayments to private plans want government out of the business of providing health care. They want to convert Medicare from a guaranteed benefit into a voucher.

The choices before Congress are simple. We can provide health care to children, improve Fee-for-Service Medicare and fairly compensate Medicare's physicians, or we can continue drastically overpaying private plans. We can support Medicare as entitlement or we can continue along the Republican road to privatization.

Rep. Pete Stark (D-Calif.) is chairman of the Ways and Means subcommittee on health.