Written Comments of Stephen W. Still on behalf of Torchmark Corporation submitted to the House Committee on Ways and Means Subcommittee on Health addressing the Subcommittee's hearing May 21, 2013 "On the President's and Other Bipartisan Proposals to Reform Medicare"

These comments are submitted by Stephen W. Still, a shareholder in the law firm of Maynard Cooper & Gale, PC, on behalf of Torchmark Corporation to the House Ways and Means homepage before the deadline of June 4, 2013. Through its insurance subsidiaries, Torchmark is among the largest writers of Medicare supplement insurance (Medigap). Torchmark is a member of the Coalition to Promote Choice for Seniors, which represents the vast majority of Medigap insurers. Torchmark has previously submitted written comments to the Committee in connection with its February 26, 2013 hearing, a copy of which is included herewith, and incorporated by reference.

The Committee and Congress are currently hearing testimony and considering proposals that would have the effect of imposing a surcharge on Medigap insurance, or dramatically restricting the benefits covered by Medigap insurance. Such policy proposals are premised upon the misleading assumption that Medigap insurance leads to significant overutilization of the Medicare program. Torchmark, the Coalition mentioned above, and many other witnesses have testified and submitted comments to the Committee, Secretary Sebelius and to other interested parties that persistently and convincingly refute this assumption.

The assumption that Medigap insurance leads to significant overutilization of the Medicare program is completely unsubstantiated by any study or analysis of the effects of Medigap insurance on the utilization and costs incurred by the Medicare program. In fact, in a December 2012 letter to Secretary Sebelius, the National Association of Insurance Commissions (NAIC) reported that it "was unable to find evidence in peer-reviewed studies or managed care practices to support the introduction of nominal cost sharing designed to encourage the use of appropriate physician services" and that it "recommends against imposing nominal cost sharing on Plans C and F." This report has been entered into the records of this Committee by Representative McDermott, and notably, on Tuesday, May 28, 2013, Secretary Sebelius accepted the NAIC's recommendation.

To support further our position that the overutilization assumption is unfounded and as an example, we need look no further than the testimony submitted by Joseph R. Antos at the May 21, 2013 hearing. In the last sentence of the third full paragraph on page 2 of his testimony, Mr. Antos makes the following assertion; "It (Medigap) also reduces the beneficiary's awareness of the cost of their care, which leads to higher use of services and higher program spending than would otherwise be the case." While Mr. Antos's testimony appears to be well documented on major points of significance, as it includes a total of 7 footnotes for other

various points, Mr. Antos's assumption quoted above is void of any documentation to this point and this statement is not footnoted in any way.

It is of critical importance that the Committee and the Congress understand that this contention is not supported or documented in any way, because what appears to be the driving force for policy changes that would impose a surcharge or drastically alter Medigap benefits and coverage is premised upon this inaccurate assumption; drastic policy change cannot be based on an inaccurate premise!

Any policy/legislative changes intended to discourage the use of Medigap insurance (through a surcharge or changes in benefits coverage) could essentially have
a chilling effect on seniors seeking physician-advised, medically necessary care.

For evidence, I need look no further than my own parents. Now in their mid-eighties, they paid their Medicare premiums, and Medigap premiums, for years with little utilization whatsoever of the Medicare program. Then, in his mid-seventies, my father required immediate heart valve replacement and by-pass surgery. Had my father not had this surgery, his cardiologist estimated he would have lived for only six months.

At the end of 2011, my mother fell and broke her hip. She required immediate hip surgery. Had she not had the surgery, she would have been an invalid and bed-ridden.

Did my parents over utilize the Medicare program? I think not! They appropriately utilized the Medicare program to avoid certain death and permanent disability.

Please keep in mind that older people, Medicare eligible seniors, do use the healthcare system more than younger people.[1] That is only common sense and, again, my parents provide good examples.

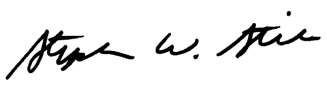
As Congressman Michael Burgess of Texas said so well at the Energy and Commerce Health Subcommittee on April 11, 2013, "I guess I'm having a hard time understanding – it seems like if someone buys a supplemental insurance policy as they enter into Medicare, they are doing the responsible thing by putting some of their own dollars into their future health care by covering against what would be excessive out-of-pocket costs if they get sick. So they are, it looks to me from a physician's standpoint, doing the prudent thing... but it looks to me like the

[1] "The Concentration of U.S. Health Care Spending," NIHCM Foundation Data Brief (July 2012); as discussed in the America's Health Insurance Plans "Myths & Facts" September 19, 2012 report.

patient is doing the prudent thing by doing that…but you seem to articulate a different opinion."

We support Congress's effort to reform the Medicare program in a meaningful and effective manner. Medigap insurers have absolutely nothing to do with the Medicare approved costs that are imposed by the program; providers and the Medicare program make those determinations. Please don't throw the baby (Medigap insurance) out with the bathwater!

Sincerely,



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This submission has been prepared on behalf of
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United American Insurance Company is the largest writer of Medicare Supplement insurance among Torchmark Corporation's affiliate companies. United American began selling individual Medicare Supplement coverage when Medicare first began in 1966, and has maintained its niche by focusing on serving the senior market with quality supplemental protection. The NAIC continues to rank United American in the Top 10 as a leading writer of individual Medicare Supplement insurance by direct premiums earned.