United States House Committee on
Ways & Means
CHAIRMAN JASON SMITH

H.R. 9644, *Medicare Advantage MLR Transparency Act*

Rep. Moran (R-TX)

Background:

- The **Medical Loss Ratio (MLR)** was established by the Affordable Care Act in 2010, to regulate revenue and administrative costs for certain insurance companies, including **Medicare Advantage (MA) plans**.
    - Most large insurers are required to **spend 85% of revenue on direct medical care or quality initiatives** with the remaining **15%** available for administrative overhead, compliance, policy implementation, and **corporate profit**.
- **MA is the most profitable sector** of the private health insurance market.
    - In 2021, MA insurers reported **profits averaging $1,730 per enrollee** – **at least double the margins** reported by insurers in the individual and employer markets.
    - **55% of Medicare beneficiaries** are enrolled in a MA plan.
    - **26% of beneficiaries** are enrolled in a **UnitedHealthcare plan** – which reported **$6.3 billion in quarterly profits** in Q1 2026.
- MLR reporting is difficult to understand due to **complicated revenue and spending streams**.
    - **MA revenue is derived from multiple sources** including benchmark payments, risk adjustment payments, Quality Bonus Program payments, and premiums.
    - Clinical services covered by Medicare and supplemental benefits such as **dental, vision, hearing, or fitness are considered direct medical care**.
- The MLR is not effective at regulating profits and **insurance companies are gaming the system through excessive vertical integration**.
    - If an MA organization owns a physician group, the **money paid for the claim stays within the parent organization** and can be listed as profit for the physician group.
    - The **3 largest insurers** also own health care providers and pharmacy benefit managers.
- Additionally, while health insurance benefit information is heavily regulated, it **widely varies across different insurance markets**.
    - **75%** of Medicare beneficiaries report **choosing a Medicare plan is confusing**.
    - **33%** of Medicare beneficiaries agree they do not have a good understanding of the **difference between MA plans**.

H.R. 9644, Medicare Advantage MLR Transparency Act:

- Delivers on **President Trump's Great Healthcare Plan to strengthen health care price transparency and insurer accountability:**
    - **Injects transparency and accountability into MA spending** by requiring MA plans to submit to CMS and **publicly post on their website** more detailed revenue and spending information.
    - Requires CMS to **align the standards of benefit information across all insurance types** in the Medicare and commercial markets.