Medicare Advantage plans are paid more than $450 billion annually, financed in part through premiums paid by beneficiaries who are older and have disabilities.

What’s the Problem?

Overpayments, abuse, and fraud

While Arnold Ventures supports Medicare Advantage as an option for Medicare beneficiaries, the evidence is clear that Medicare Advantage plans are overpaid. Abusive and in some cases fraudulent billing practices by insurance companies have been well documented.

Industry scare tactics

The Medicare Advantage plan industry has been spending millions of dollars on ads — including high-visibility spots during Super Bowl LVII — and dispatching their $18 million CEOs to Capitol Hill to deliver this important message: “We aren’t being paid enough.” Medicare Advantage plans have claimed proposed changes by the Biden administration will result in substantial benefit cuts for beneficiaries.

What Can Be Done?

Follow the evidence

Industry claims are misleading. The proposed changes are likely to have a minimal impact on cost-sharing, premiums, and benefits for beneficiaries enrolled in Medicare Advantage plans.

Plan payments were increased by more than 8% last year and will increase another 1% this year. And the insurers are characterizing this as a “cut.”

Medicare Advantage plans are paid more than $450 billion annually, financed in part through premiums paid by beneficiaries who are older and have disabilities. Medicare Advantage insurers have gross margins averaging $1,730 per enrollee, more than double the margins reported by insurers in other health care markets. There is considerable room for Medicare Advantage plans to choose to reduce their profits and costs rather than cut benefits in response to a lower payment increase than they would prefer.

The Biden Administration Should Not Bend to the Pressure of Industry-Spun Narratives

Arnold Ventures sent a comment letter to the Centers for Medicare and Medicaid Services (CMS) that urges the administration to do more to curtail excessive payments to Medicare Advantage plans than it outlined in recent proposed changes.

What’s at Stake?

Abuse and waste within the Medicare program erode its integrity and fiscal sustainability while costing Medicare beneficiaries and taxpayers.

$27 BILLION

WHAT OVERPAYMENTS TO MEDICARE ADVANTAGE ARE PROJECTED TO COST TAXPAYERS IN 2023

6%

HOW MUCH MORE MEDICARE ADVANTAGE PLANS GET PAID FOR SIMILAR BENEFICIARIES COMPARED TO TRADITIONAL MEDICARE. ALL MEDICARE BENEFICIARIES SUBSIDIZE THIS HIGHER PAYMENT THROUGH HIGHER PREMIUMS.

>30M PEOPLE

BENEFICIARIES WHO ARE OLDER AND HAVE DISABILITIES ENROLLED IN MEDICARE ADVANTAGE PLANS