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From: Arnold Ventures

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CHANGES IN MEDICARE ADVANTAGE ARE ESSENTIAL FOR CUTTING FRAUD AND WASTE AND PROTECTING SENIORS

Medicare Advantage plans are essential to ensuring seniors have a choice of health coverage options. But many of the big insurance companies that offer Medicare Advantage plans have been found through multiple [federal lawsuits](#), [audits](#), and [investigations](#) to have systematically overcharged seniors and taxpayers billions of dollars each year.

ABUSIVE INSURANCE COMPANY BILLING PRACTICES ARE COSTING SENIORS AND TAXPAYERS BILLIONS.

These abusive billing practices are estimated by MedPAC to cost taxpayers [\\$23 billion in 2023](#) alone. Others have projected that these overpayments will cost taxpayers more than [\\$600 billion over the next 8 years](#). The abuse is widespread among insurers who offer Medicare Advantage plans and it has been extensively reported by [The New York Times](#), [The Wall Street Journal](#), [The Washington Post](#), and [Kaiser Health News](#), and highlighted by experts including the [independent Medicare commission](#) created to advise Congress.

ABUSIVE BILLING PRACTICES INFLATE INSURANCE PROFITS AND INCREASE COSTS FOR SENIORS.

Many insurers offering Medicare Advantage plans inflate their profits by aggressively hunting for and increasing the number and severity of diagnoses recorded for their beneficiaries. [Audits](#) have found that insurers are using diagnostic codes that have little or no real connection to patients' health conditions and needs or to the care they receive. Every additional unwarranted code drives higher payments and profits for plans without helping patients.

These overcharges are a source of excessive profits for insurance companies. A [study from the Kaiser Family Foundation](#) found that insurers typically earn twice as much gross margin per enrollee from Medicare Advantage plans than from other types of insurance (e.g. individual or employer plans). Taxpayers and seniors on Medicare are paying the price to support these inflated profits. It is projected that Medicare beneficiaries will directly shoulder [approximately 14% of the cost of overpayments](#) to insurers and be forced to pay billions in increased Part B premiums over the next eight years.

INSURANCE INDUSTRY SPENDING MILLIONS TO SCARE SENIORS AND INTIMIDATE CONGRESS.

In a desperate attempt to protect their profits, special interest groups representing insurance companies have already spent [at least \\$10 million on television ads](#) that are designed to intimidate Congress and bend the Administration to their will. The ads are filled with false and [misleading claims](#) about the proposed changes to Medicare Advantage. Independent fact-checkers have ruled that the ads are [false](#) and [experts agree](#) the claims are misleading. The evidence suggests the impact on beneficiaries is likely to be minimal and at the discretion of the insurance companies. They can choose to respond to the payment changes in [CMS' 2024 Advance notice](#) with delivery system efficiencies, reduced administrative overhead, reduced profits, or as they have threatened – reduced benefits and higher premiums for beneficiaries. The evidence suggests they have considerable headroom to respond without affecting beneficiaries.

CMS' PROPOSED CHANGES ARE A STEP IN THE RIGHT DIRECTION, BUT MORE NEEDS TO BE DONE TO CRACK DOWN ON FRAUD AND ABUSE.

[CMS' proposed changes](#) to Medicare Advantage are reasonable and move in the right direction by taking steps to address egregious upcoding practices by Medicare Advantage plans. However, the changes do not go far enough. We still need to go further to rein in the abusive charges. These overpayments are projected to cost taxpayers [an estimated \\$23 billion in 2023](#) alone. And the problem is getting worse, resulting in [higher and higher overpayments](#) to insurance companies each year. The Medicare program cannot afford this magnitude of continued overpayments to Medicare Advantage plans, which undermine the affordability and long-run sustainability of the Medicare program.

BOTTOM LINE: CUTTING FRAUD AND ABUSE IS NOT A CUT TO MEDICARE.

With billions of dollars in play, it is important to set the record straight on Medicare Advantage: cutting insurance company fraud and abuse is not a benefit cut. First, CMS' proposal represents a more than \$4 billion *increase* in plan revenue in 2024, based on estimated Medicare Advantage payments in 2024. Last year, CMS finalized an [8.5% increase](#) in plan payments. If the 2024 rates are finalized as proposed, Medicare Advantage plans will experience a nearly [10% payment increase](#) over a two-year period. Not a cut, an increase. Second, insurers claim they will be forced to cut benefits as a result of this lower increase in payments. To be clear, any attempt to cut benefits is a choice that insurers make to put shareholders over seniors.

INDUSTRY AND BIPARTISAN EXPERTS AGREE

"Humana would actually benefit from lower rates and has in the past. We found in years that there's pressure on rate notice, we do much better. I feel that 2024 will be that way."

- Bruce Broussard, President and CEO of Humana, Modern Healthcare, Humana CEO says Medicare Advantage Cuts Good for Insurer (by Nona Topper, March 7, 2023)

"Reforms that reduce overpayments in the Medicare Advantage program are important for extending the solvency of the Medicare Trust Fund and slowing the growth of health care spending. The modest tools and guardrails CMS has recently proposed to utilize are important first steps, yet are being dangerously demagogued. Hopefully, policymakers will not allow misleading attacks to dissuade them from working to improve program integrity and making Medicare more sustainable."

- Maya MacGuineas, President of the Committee for a Responsible Federal Budget

"[These ads are part of a] long history of using proposed Medicare reductions to rile up seniors, or so-called 'Mediscare'...it certainly makes for a more compelling ad to say premiums for seniors are going to go up, than to say profitable insurance companies are going to get a smaller increase in payments from Medicare than they feel they deserve."

- Larry Levitt, Executive Vice President for Health Policy at the Kaiser Family Foundation, Insurers put millions in "Mediscare" ads to save revenues Bloomberg Law (by Alex Ruoff, February 16, 2023)

"The federal government is attempting to avoid paying more than it should...To me, that is simply running the program better and more efficiently to protect the integrity of the federal funds being used for it...The proposed 2024 adjustments are not a cut, but are part of the routine annual process of implementing the law as far as how Medicare Advantage plans are paid."

- Paul Ginsburg, Senior Fellow at USC Schaeffer Center for Health Policy and Economics, Proposed Medicare Advantage Changes Cannot Accurately Be Called 'Cuts,' Experts Say, POLITIFACT (by Madison Czopek and Yacob Reyes, February 22, 2023)

"The problem is "absolutely endemic" in the industry. Auditors are finding the same inflated charges "over and over again... I don't think there is enough oversight."

- Brian Murphy, Former Founder and Director of the Association of Clinical Documentation Integrity Specialists (ACDIS), Audits—hidden until now—reveal millions in Medicare Advantage overcharges, Fierce Healthcare (by Fred Schulte, November 21, 2022)

"In reality, the federal government is merely proposing to correct previous overbilling by insurers while still increasing spending on beneficiaries. One rule change being implemented by the Centers for Medicare & Medicaid Services will make it easier for the federal government to audit Medicare payments to insurers and claw back past overpayments."

- David Williams, President, National Taxpayers Union, Medicare Advantage overbilling has cost taxpayers about \$10 billion per year, Washington Times (by David Williams, February 21, 2023)