

April 7, 2008

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable John Boehner
Minority Leader
United States House of Representatives
Washington, D.C. 20515

To the Bipartisan Congressional Leadership:

The organizations signing this letter work to ensure affordable access to health care for older adults and people with disabilities. We have joined together to ensure that the growing role of private insurers in Medicare does not jeopardize basic protections for consumers or the future financial stability of Medicare. The Medicare legislation that is on Congress' agenda for the middle of 2008 provides an important opportunity to take initial steps towards meeting these twin goals.

The added financial burden that the growth of Medicare Advantage imposes on taxpayers and all people with Medicare is well documented. The Medicare Payment Advisory Commission estimates that in 2008 insurance companies will receive subsidies for each Medicare Advantage enrollee that average 13 percent more than the cost to care for that individual under Original Medicare. This surcharge to taxpayers is higher in 2008 than in previous years. The increase in Medicare Advantage payment benchmarks for 2009 announced today will only exacerbate the drain on Medicare's finances from these plans. According to Medicare's Chief Actuary, overpayments to Medicare Advantage plans shorten by 18 months the time period until Medicare's Hospital Insurance Trust Fund can no longer pay its bills. The Congressional Budget Office projects that over the next ten years, excess payments to Medicare Advantage plans will cost taxpayers \$150 billion. It is fiscally irresponsible for Congress to allow this waste of taxpayer dollars to continue unabated, when money is needed to shore up Medicare's finances, preserve access to physicians and help low-income people with Medicare afford the care and medicines they need.

The insurance lobby would have us believe that they oppose legislation to align Medicare Advantage payments with costs under Original Medicare in order to protect the "extra" benefits of Medicare Advantage enrollees, rather than the profits of their members. The Government Accountability Office found, however, that substantial portions of Medicare Advantage enrollees are in plans that charge more than Original Medicare for specialist care, hospital stays or skilled nursing. Roughly half of Medicare Advantage enrollees are in plans that provide no protections against catastrophic medical bills and, unlike

individuals enrolled in Original Medicare, cannot purchase such coverage through a supplemental plan. The fastest growing type of Medicare Advantage plan—private fee-for-service plans—have no minimum standards for ensuring adequate access to primary care, specialists or other providers. Medicare Advantage should not provide insurers the opportunity to push “junk” insurance through aggressive and deceptive marketing schemes. Congress must resist the insurance lobby’s efforts to divert it from the roadmap to consumer protection laid out in the 1990 reform of the Medigap marketplace, and establish a set of tough national marketing rules enforced jointly by federal and state governments, and simplified, standardized coverage choices for Medicare Advantage enrollees.

We are eager to work with the leaders of both parties to enact sensible, fiscally responsible Medicare Advantage reforms this year. People with Medicare deserve protection against predatory marketing practices. Taxpayers and Medicare beneficiaries alike deserve a Congress that safeguards the future of Medicare.

Sincerely,

AFL-CIO

AFSCME

Alliance for Retired Americans

Campaign for America’s Future

Center for Medicare Advocacy

Families USA

Medicare Rights Center

National Committee to Preserve Social Security and Medicare

OWL-The Voice of Midlife and Older Women

USAction