Pirates of the Medicaribbean

How insurance companies have plundered Medicare

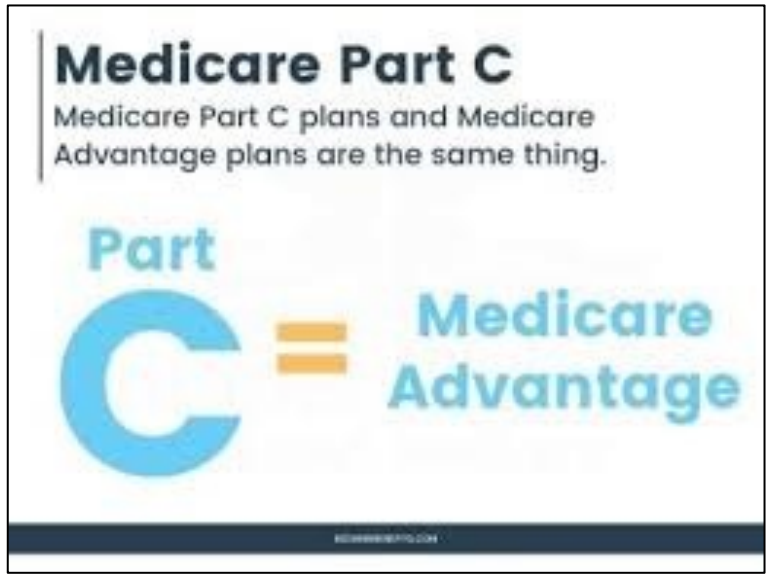
Today's topics:

- Comparing Traditional Medicare (**TM**) to Medicare Advantage (**MA**) (for-profit insurance)
- Rick's story
- How Medicare Advantage and other for profit programs risk depleting the Medicare Trust Fund
- Actions you can take!

Comparing the choices

Traditional Medicare

Medicare Advantage (for-profit insurance)



Essential Parts of Medicare Health Plans

- Part A – Hospitalization & related costs – no premium – paid from Trust Fund from monies you paid through payroll contributions
- Part B – Physician visits, outpatient procedures, lab and other diagnostics
- Part C – Now called Medicare Advantage
- Part D – Prescription drugs supplemental
- MediGap plans – (G, K, L, M, N)- supplemental plans to offset the 20% copay for Traditional Medicare

Comparing: COVERAGE

Traditional Medicare:

- Choice of primary care & specialist physicians
- Preauthorization ***rarely required***
- No part D (prescription)
- No vision, dental, hearing

Medicare Advantage (for-profit insurance)

- Network restrictions
- Varying copays & deductibles
- Preauthorization ***often required***
- Part D (prescription) +/-
- Limited vision, dental, hearing

Comparing: COST

Traditional Medicare:

- Part B premium ($165/mo)
- Copay (20% after deductible)
- Supplemental insurance (MediGap and/or Part D (prescription) – average premium $200/mo)
- No out-of-pocket cap on expenses

Medicare Advantage (for-profit insurance)

- Part B premium ($165/mo) +/- additional premium
- Cap on out-of-pocket expenses (varies, up to $8300/year)

No Out-of-Pocket Cap (TM) - The Inflation Reduction Act includes

- Beginning in 2025 - $2000 out of pocket cap on Part D(prescription)
  - Beneficiaries still pay Part A & B (20% without MediGap)

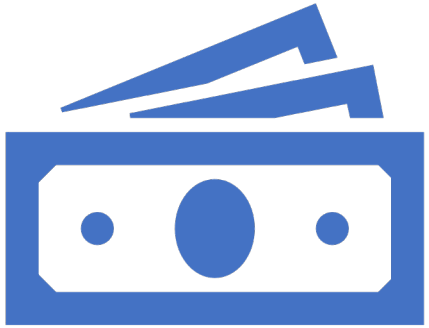
- Beginning in 2026 – Drug cost negotiation
  - Only 10 drugs are being negotiated
  - Low-income seniors will still be paying a significant portion of their income for health care

One of the main reasons beneficiaries state for choosing MA is the Supplemental Benefits available to them…..

Vision, dental, hearing

- Not available to TM beneficiaries (without additional cost)
- In 2021 MA beneficiaries had access to >$2,350 in added benefits – with network and geographic restrictions

TM vs. MA: Cost vs. Choice



- TM has a higher initial cost
  - Higher copays or premiums for supplemental and prescription plans vs. **varying copays & deductibles**
  - No OOP cap expenses
- MA restricts choice
  - Lower initial costs
  - Limited networks (may not incl your current provider) vs. **choice of primary care & specialty providers**
  - Referral and **prior authorization** requirements are common vs. **rarely required**
  - After 1 year in a MA program, no guaranteed issuance of supplemental insurance
  - Many seniors with limited income are forced to choose MA

Rick's story

Why select Medicare Advantage?

Seemed like a bargain

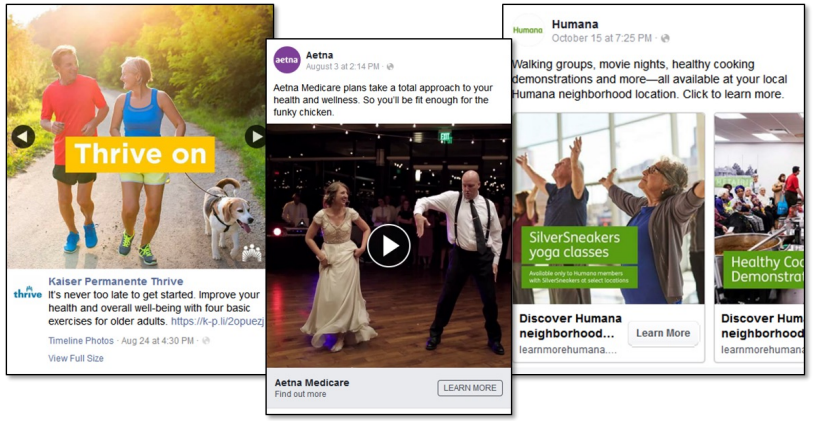
Not much information available at that time (2016)

Recommended by insurance agent at an "informational seminar"

Why do many insurance salespeople recommend Medicare Advantage?

- They have an incentive
- The commission for selling Med Adv is much more than for a Medigap policy
- Commission continues as long as the beneficiary signs up for Med Adv
- Commission for Medigap dwindles; then disappears after 5 years


Medicare Benefits & Questions Line
2020 Medicare Advantage Plans Now Available!
FREE MEDICARE BENEFITS REVIEW
Additional Benefits
FREE Hearing Aids
FREE Eyeglasses
FREE Meal Delivery
FREE Rides to Appointments
Not affiliated or endorsed by any government agency
800-498-9939
TTY: 711
CALL TO SPEAK WITH A LICENSED SALES AGENT!
MEDICARE HEALTH INSURANCE


Thrive on
Kaiser Permanente Thrive
It's never too late to get started. Improve your health and overall well-being with four basic exercises for older adults.
Timeline Photos · Aug 24 at 4:30 PM
View Full Size
Aetna
August 3 at 2:14 PM
Aetna Medicare plans take a total approach to your health and wellness. So you'll be fit enough for the funky chicken.
Aetna Medicare
Find out more
LEARN MORE
Humana
October 15 at 7:25 PM
Walking groups, movie nights, healthy cooking demonstrations and more—all available at your local Humana neighborhood location. Click to learn more.
SilverSneakers yoga classes
Discover Humana neighborhood...
learnmorehumana....
Learn More


MEDICARE COVERAGE HELPLINE
If You're On
Medicare
This Is
Important
Information
Joe Namath
Pro Football Hall of Fame Quarterback
Super Bowl III MVP
Paid Endorsement
CALL THE
MEDICARE COVERAGE HELPLINE
1-800-404-9700
TTY: 711
Call To Speak To A Licensed Insurance Agent
Monday - Friday 8am to 8pm ET

Medicare Advantage companies have a huge advertising budget

Traditional Medicare has none

Barrage of advertising by MA companies – TV, telemarketing & mail flyers

Seems like a good deal

Rick's experience with Medicare Advantage

Denial

(Limited and changing network)

Delay

(The wait for "Prior authorization" allowed small lump to grow into an aggressive, malignant tumor)

Unexpected costs

Growing medical debt

Rick's story (continued)

Due to delay, tumor had enlarged, become more aggressive

- Requiring
  - Major surgery
  - Immunotherapy (1 year)
- With potential recurrence
- And possible severe adverse effects from immunotherapy
- Follow up CT's every 6 months for 2 years, and annually for 3 more years

There's more….

Rick's MA insurance company is now in contract negotiations with UW Medicine (including the Fred Hutch Cancer Center)

Both have advised patients they may need to switch providers

Medicare Advantage put patients' care at the whim of the insurance company

PROFIT TAKES PRECEDENCE OVER PATIENT CARE

Rick is not alone

- More than **one-third of physicians** said that prior authorization had led to a “serious adverse event.”*
- **91% said that prior authorization had a “somewhat or significant negative impact on patients’ clinical outcomes.”***
- ***Being on a Medicare Advantage plan is a risk factor for having a medical debt***

*2022 American Medical Association survey

One more thing…*guaranteed issuance*

Once you are in a MA plan for a year, you are trapped.

If you try to go back to TM, there is no guarantee that you will be able to obtain supplemental insurance.

Only 4 states (New York, Massachusetts, Connecticut, Vermont) have “guaranteed issuance” – no underwriting allowed.

Costs will go way up.

A basic difference between Traditional Medicare and Medicare Advantage: How they are paid!

- Traditional Medicare: Fee for service
  - Pretty simple: provider bills Medicare for services rendered
  - Concern: incentive to provide extra, unneeded services – No evidence to support this concern.
- Medicare Advantage: Capitation
  - A sum is paid to insurance company for each beneficiary enrolled
  - How the sum is determined is complex and has potential for fraud.

How does Medicare determine how much to pay Medicare Advantage plans? It's complicated…

The sum Medicare pays the Medicare Advantage plan depends on information supplied by the plan

- How much the Medicare Advantage Plan says the medical care of the beneficiaries will cost (the bid)
- A rebate if it is less than the average cost of Traditional Medicare
- Demographic characteristics and medical conditions that plans report in the form of medical condition codes
- Bonuses for "star rating" and other nebulous quality metrics
- The Medicare Advantage plan can keep what is not spent (up to 15%)

This incentivizes Medicare Advantage plans to restrict services they pay for

Medicare Advantage was intended to save Medicare money – *it doesn't!*

- Costs 6% more per beneficiary than TM

Amounts to $27 Billion in 2023

(MedPAC, 2023)

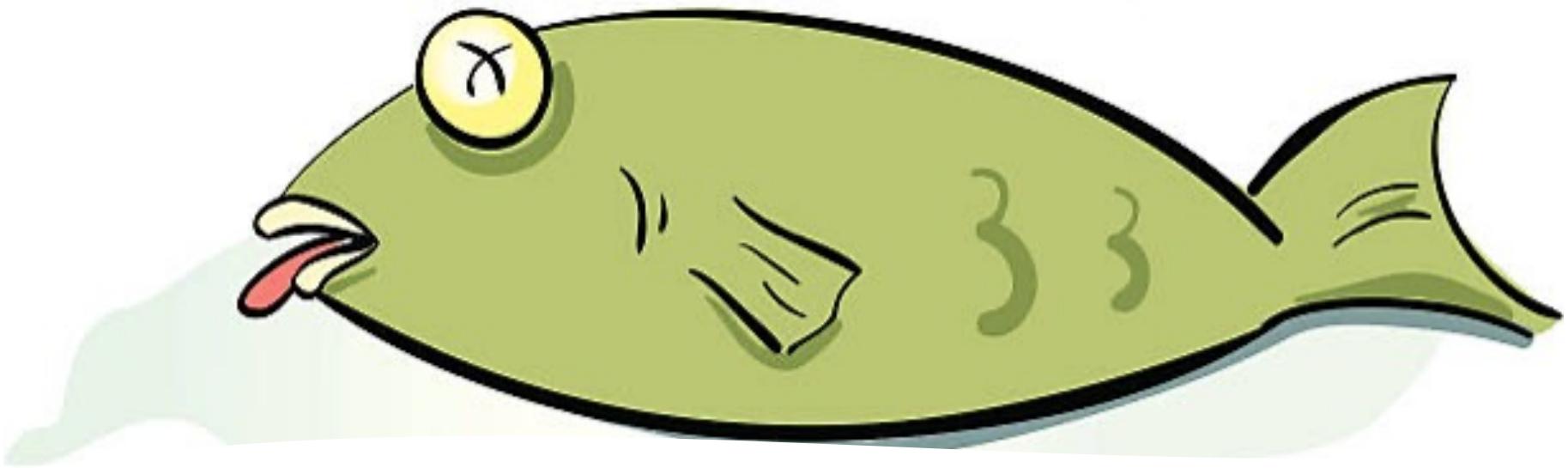
- Operating costs for MA = 15% vs 2% for TM

There are reasons MA costs so much!

Investigative reporting (New York Times, Office of the Inspector General of Human Services, Medicare Payment Advisory Commission-MedPAC, Kaiser Family Foundation, others)

- Most recent CMS audits (2011-2013) of a sample of 18,000 patients (90 audits) showed $12 million overpayment to MA companies. A very small sample resulting in significant overpayment
- MedPAC (2021) estimated MA companies were **overpaid by $140 BILLION** during the previous 12 years

Something smells fishy!



Center for Medicare and Medicaid Services (CMS) estimates MA companies overbilled Medicare by **$11.4 billion** in 2022 alone. MedPAC estimates **$15 billion** overpayments in 2022

8 of top 10 MA insurance companies submitted inflated bills; 4 of top 5 sued by department of Justice for fraud and the other is under investigation

How has Medicare Advantage gotten away with this fraud?

- Medicare adjusts what it will pay the MA company based on the severity of beneficiaries' health issues
- Severity determined by risk score
- Risk score determined by **coding** a health condition code which is submitted by Medicare Advantage company for each beneficiary
- Higher risk score brings more money to the MA company

How to game the system – upcoding

MA plans **add diagnostic codes** to a beneficiary's record that make the patient appear sicker **("upcoding").**

- Mining records
- Home health visits by nurses
- Making stuff up (ghost records)

The sicker the patient, the more money Medicare gives to the MA

More codes = More profit

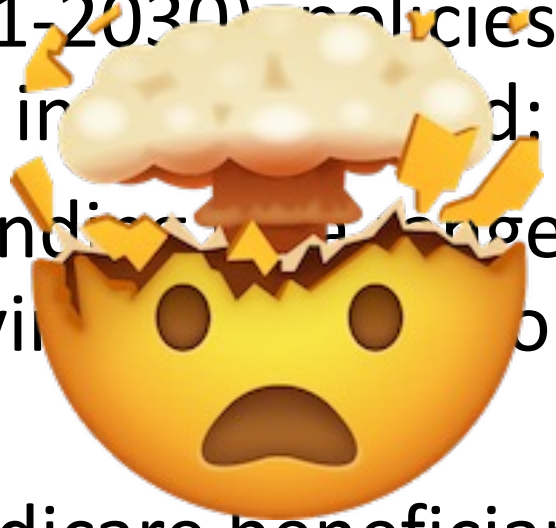
Consequences of upcoding

Risk score :

- Basis for “risk adjustment” (increasing the $ going to the MA)
- 2021, MA Risk Scores were almost 5% higher than for TM beneficiaries, equivalent to **overpayment to MA companies of $17 Billion**

The Committee for A Responsible Federal Budget and MedPAC agree:

Over the next decade (2021-2030), policies to adjust MA payments more accurately for coding ir d:



- Reduce net Medicare spend ge of **$198 to $355 billion**, with just over half the savi o the Medicare Part A Trust Fund
- Reduce premiums for Medicare beneficiaries by a range of **$32 to $57 billion**
- Reduce the federal budget deficit by a range of **$207 to $372 billion**

Upcoding is not the only issue:

Random sample by Office of the Inspector General of the HHS showed **excessive denials and delays**

13% of prior authorization denials and 18% of payment denials met Medicare coverage rules and should have been granted.

[Alert from the Office of the Inspector General HHS]

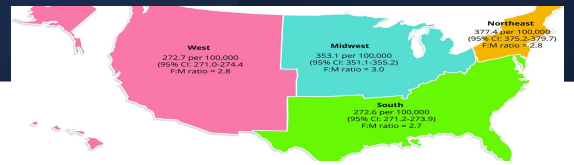
Selecting TM will avoid all these MA issues, right?

Not necessarily

ACO REACH

Accountable **C**are **O**rganizations **R**ealizing **E**quity, **A**ccess and **C**ommunity **H**ealth

ACO REACH



132 participating for-profit entities (insurance companies, investment firms, venture capitalists, etc.), WHO HAVE DECIDED THEY ARE MEDICAL EXPERTS, ARE GOING TO MANAGE THE HEALTH CARE OF BENEFICIARIES IN TRADITIONAL MEDICARE!

Each entity is assigned a geographic region and all TM beneficiaries whose primary care physician is in the region are automatically enrolled in the ACO REACH plan.

CMS keeps introducing new pilot programs involving for-profit entities in Medicare. None of them benefit Medicare! All of them benefit the for-profit entities!

Pauline Lappin with CMMI stated that, regarding payments to ACOs, "…cumulative spending over the four years of the model so far indicates **net losses to the trust fund**."

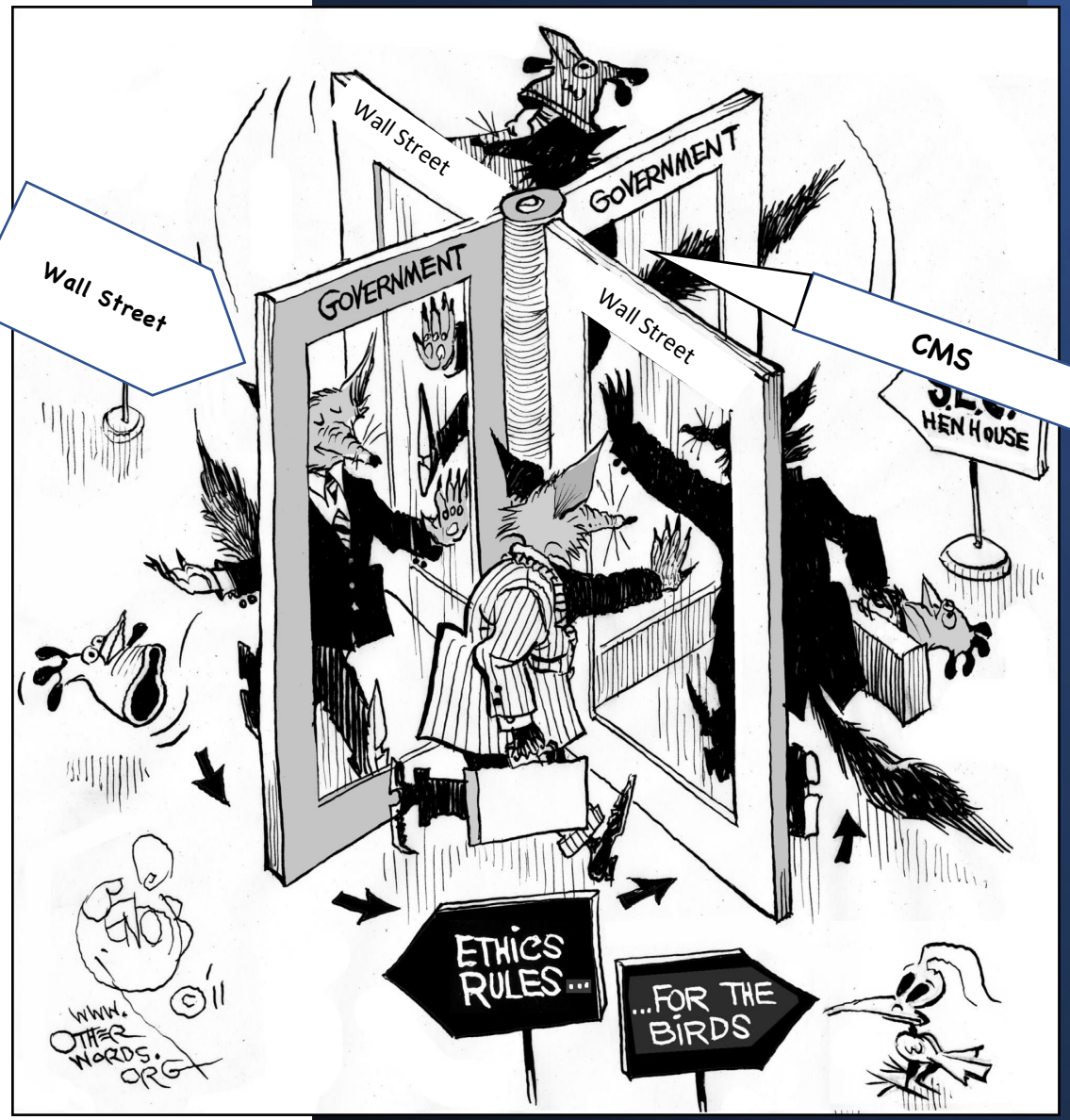
WHY DO THEY KEEP TRYING TO PRIVATIZE MEDICARE??

Follow the money

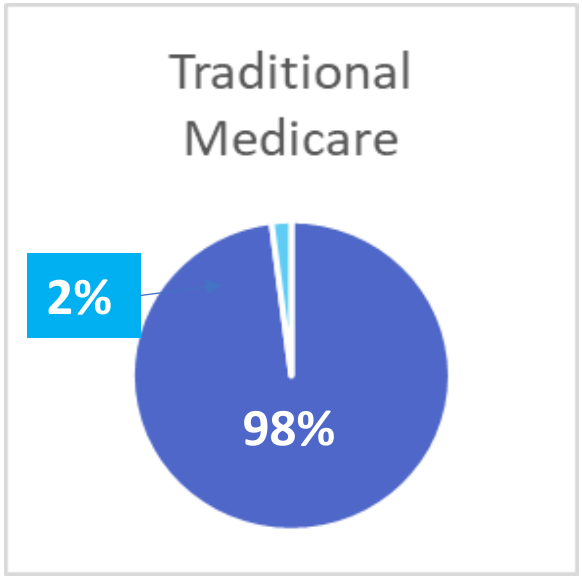
- The insurance company lobbyists spent $14.4 million lobbying in 2022 and >$13.5 million on ads opposing the administrations' feeble attempt to fix MA in 2023
- These companies spent millions on advertising to promote MA
- And major donations to political parties were donated from CEO's, venture capitalists, and their families

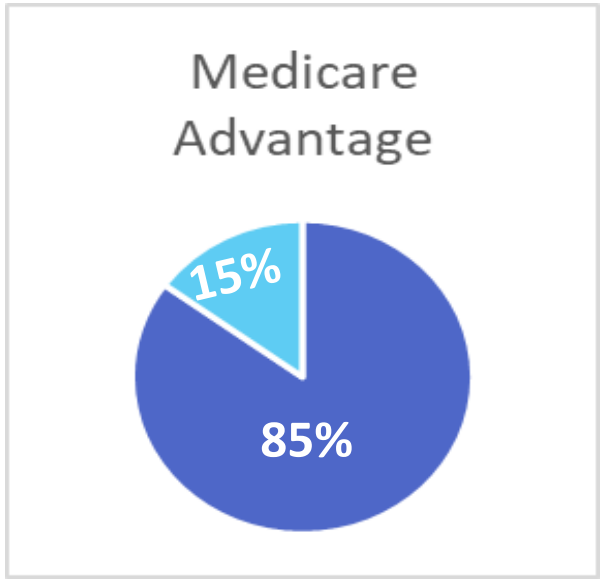
Revolving door

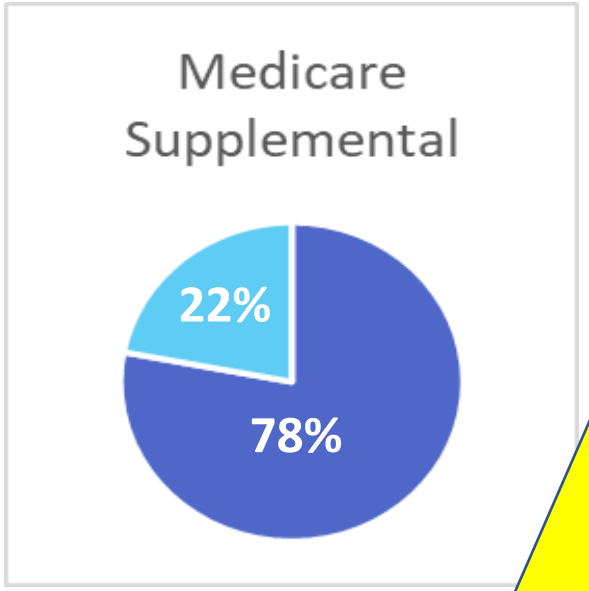
- These insurance companies' lobbying organization are populated with former CMS executives from the Obama, Trump and Biden administrations
- Current CMS and CMMI directors come from the insurance companies and private equity firms, including the CMS administrator Brooks LaSure and CMMI administrator Fowler (who conceived and implemented ACO REACH)

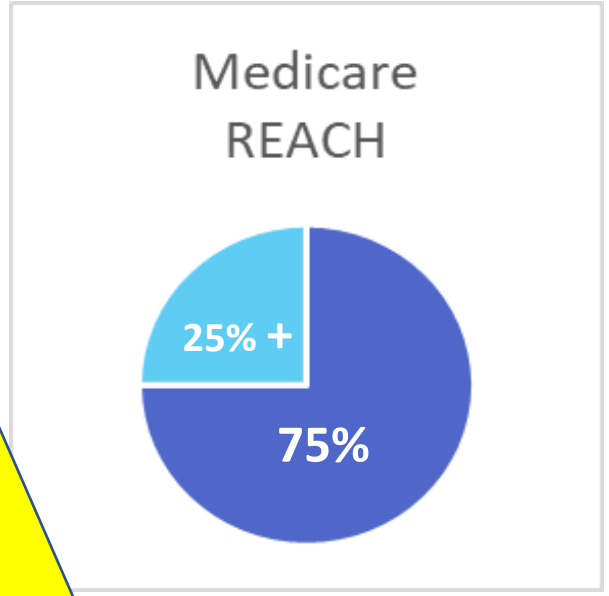


The Big Steal









- Privatization diverts public funds to investors

Patient care

Overhead and profits

Traditional Medicare = Best Value

Medicare is not the only treasure the profiteering pirates are plundering…

The health care industry is looking very attractive to retail giants

Why Is This Man Smiling?

Because **Amazon** bought One Medical (primary care) which owns Iora Health (ACO Contractor) and now has access to patients' medical records

Other retail giants who are seeking to profit from medical care include

- **Walmart** Health (primary care centers)
- **Walgreens** Majority owner of Village MD (primary care)
- **CVS** owns Oak Street Health (ACO REACH) and Aetna (Medicare Advantage)

This is just a small sample

Profiteering hurts us personally and threatens the entire Medicare program

- Rick's story demonstrates harm to an individual
- MA delays and denials results in worse outcomes for patients
- Fraud threatens the demise of Medicare by depleting the Trust Fund, currently predicted to occur by 2031 according to MedPac 2023 (if no changes are made)
- Profit motive hurts many seniors and the most vulnerable
- TM has proven itself more efficient and effective in cost and patient care

Level the Playing Field

- Eliminate the diversion of Medicare funds to bonuses, rebates and extra benefits allotted to Medicare Advantage companies ($27 billion in 2023) *
- Take back money that the Medicare Trust Fund lost to fraud and abuse by Medicare Advantage plans. ($198 - $355 billion)**
- Expand Traditional Medicare to include vision, dental, and hearing; eliminate the 20% Medicare co-pays; and cap all out-of-pocket expenses

* MedPAC (2023)

**Committee for Responsible Budget & MedPAC (2021)

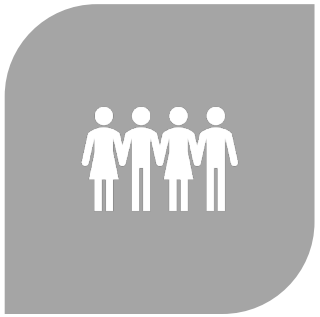
What we wanted you to learn today: Privatization has no place in health care

- Focusing on profit leads to worse health outcomes
- Focusing on profit leads to fraud and theft of the Medicare Trust Fund
- Focusing on profit depersonalizes health care – deprives beneficiaries of choice in doctor, treatment
- Economic inequality forces many seniors and disabled beneficiaries into MA and locks them out of options

Privatization and its programs (MA, ACO REACH) are killing Medicare

What can be done

STAY INFORMED



SPREAD THE WORD AND ENCOURAGE OTHERS TO GET INVOLVED

JOIN PSARA & BUILD OUR COALITION

CONTACT LEGISLATORS

Call to action – NOW!

Make the calls – “Stop fleecing Medicare”

1. Eliminate excessive administrative costs and profits in the Medicare Advantage plans and,

2. Take back money that the Medicare Trust Fund lost to fraud and abuse by MA plan, and,

3. Adding benefits to TM – vision, dental, hearing, eliminate the 20% copays, cap OOP expenses.

4. Thank you, Senator/Representative _____. I am counting on you to end the profiteering in Medicare.

Do you have a story like Rick's about unpleasant experiences with Medicare Advantage?

- If you are willing to share that story with PSARA, we will combine it with other stories to help convince our legislators that Medicare Advantage is a bad deal for Medicare beneficiaries

- Follow the directions on the handout to contact Be A Hero (BAH), a PSARA partner working to protect Medicare

- Any questions, contact Rick (rptimmins@gmail.com) or Ellen (menshewmom@gmail.com)


Questions??????

References

1. 2022 AMA Prior Authorization (PA) Physician Survey

https://www.ama-assn.org/system/files/prior-authorization-survey.pdf

(This survey highlights the negative impact on health care of patients due to prior authorization requirements.)

2. Abelson R, Sanger-Katz, M. *'The Cash Monster Was Insatiable': How Insurers Exploited Medicare for Billions.* New York Times October 28, 2022

https://www.nytimes.com/2022/10/08/upshot/medicare-advantage-fraud-allegations.html?unlocked_article_code=U6-gVA6Rm8bYpKD_dVGH9tl53ruH5KP1Mahmk7-SkyWEZhG_Ck4l3HyseNoT0YqRbFUsVZdMMg2YSfWC-3Z-R2I9gfenM0pFc02iAbCKCMhbSASPUXnr0A8Nm0pofPsUWCzhwNmtQcURjh

(Investigative article exposing fraud, upcoding, denials and delays by MA companies.)

3. Frank RG, Milhaupt C. *Profits, medical loss ratios, and ownership structure of Medicare Advantage plans*. USC-Brookings Schaefer On Health Policy, July 2022

https://www.brookings.edu/blog/usc-brookings-schaeffer-on-health-policy/2022/07/13/profits-medical-loss-ratios-and-the-ownership-structure-of-medicare-advantage-plans/

(This is a description of the complex way MA plans profit from Medicare.)

References

4. Fuglesten Biniek J, Cubanski J, Neuman T. ***Higher and Faster Growing Spending Per Medicare Advantage Enrollee Adds to Medicare's Solvency and Affordability Challenges.*** **KFF, August 2021**

https://www.kff.org/medicare/issue-brief/higher-and-faster-growing-spending-per-medicare-advantage-enrollee-adds-to-medicares-solvency-and-affordability-challenges/?utm_campaign=KFF-2021-Medicare&utm_medium=email&_hsmi=2&_hsenc=p2ANqtz-8BiHUivL9XGPO5rcNTOwfNtRb3dubTE4dagw9aNAE3cnxd8ykpJE0i03zDvodPpujBW2QbpZoWfF687S4cYar17PfUdA&utm_content=2&utm_source=hs_email

(This explains how the higher payments for Medicare Advantage — $321 more per person — have led to higher federal spending than would have occurred under traditional Medicare and
higher Medicare Part B premiums paid by all beneficiaries, including those in traditional Medicare.)

5. Fuglesten Biniek J, Sroczynski N. ***Over 35 Million Prior Authorization Requests Were Submitted to Medicare Advantage Plans in 2021.*** **KFF, February 2023.**

https://www.kff.org/medicare/issue-brief/over-35-million-prior-authorization-requests-were-submitted-to-medicare-advantage-plans-in-2021/

(Discusses inappropriate denials of prior authorization by MA companies.)

References

6. Medical Payment Advisory Commission (MedPAC) Reports, available at

https://www.medpac.gov/document-type/report/

(These yearly reports assess the efficacy and efficiency of Medicare Advantage programs. Reports in 2021 and 2022 and 2023 confirm overpayments and fraudulent behavior such as upcoding by MA companies.)

***7. Office of Inspector General (OIG) Issues Another Report Highlighting Inappropriate Medicare Advantage Denials.* Center for Medicare Advocacy, May 2022**

https://medicareadvocacy.org/office-of-inspector-general-oig-issues-another-report-highlighting-inappropriate-medicare-advantage-denials/

(This article describes reports from the Office of the Inspector General of Health and Human Servics (HHS), whose investigations reveal inappropriate and harmful denials of requests for prior authorization and payment by Medicare Advantage insurance companies. There are also links in the article expanding on the extent of fraud by Medicare Advantage companies.)

References

8. Shulte F, Hacker H. *How Medicare Advantage plans dodged auditors and overcharged taxpayers by millions.* npr Shots. December 2023

https://www.npr.org/sections/health-shots/2022/12/12/1141926550/medicare-advantage-plans-overcharged-taxpayers-dodged-auditors

(Insurance companies were found guilty of upcoding and ghost records.)

9. 2023 Summary of the Annual Reports – Social Security and Medicare Board of Trustees

https://www.ssa.gov/OACT/TRSUM/tr23summary.pdf

(This summary report describes the outlook for both the Social Security and Medicare programs and the projected actuarial status of the trust funds that finance them.)