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Testimony submitted by Carol Beahan

On behalf of the CLAIM Program it is with pleasure I testify before the Senate Special Committee on Aging. My name is Carol Beahan and I have the privilege and honor to serve as the Director of CLAIM, the state health insurance assistance program for Missouri. The Centers for Medicare & Medicaid Services provide our funding through a contract with the Missouri Department of Insurance, Financial Institutions and Professional Registration. We collaborate with local community partners including hospitals, community action agencies, area agencies on aging and faith-based organizations to train volunteers and staff about Medicare. We not only teach them about Medicare Part A, B, C and D, but also about supplemental insurance and Mo Health Net (Medicaid). Every day our volunteers provide objective guidance as they assist people to make informed decisions regarding their Medicare benefits.

Medicare Advantage Plans challenge our training and counseling due to their complexity. During December 2007 through May 2008 we have documented over 1,400 inquiries regarding the plans. CLAIM identifies two primary concerns regarding Medicare Advantage Plans:

1. Improper sales practices by agents/brokers
2. Lack of education to agents, providers and consumers regarding enrollment, benefits, and plan mobility

I will address both of these issues.

Improper sales practices by agents/brokers

CLAIM concurs with the prior statements made by our colleagues. One of our volunteers regularly attends Medicare Advantage Plan luncheons and public events and indicates the sales pitch often lacks details. Specific information about cost sharing or benefit coordination with providers is often glossed over.

A public housing story . . . Several of our community partners are located in public housing facilities. They have explained to us that agents visit a resident and use the opportunity to get referral for other clients within the building. Although not illegal, this results in many residents changing their plans without totally understanding what they have done. Important health plan changes are made based on the fact that their friend told them about the nice lady or gentleman who just visited them. Older adults are often trusting and can be easily misled.

The sales pitch... The individual ability of an agent to sell his product can be very effective. For example, we determined that one of our recent callers purchased the same plan she was already enrolled in because the new agent made the benefits sound so much better than the benefits she was already receiving.

Lack of education to agents, providers and consumers regarding enrollment, benefits and plan mobility

In Missouri there are 47 Medicare Advantage Plans and 12 Special Needs Plans available. Although not all plans are available in all portions of the state, it still makes choices overwhelming even for the savviest consumer. Following are just a few examples of concern.

Lack of provider education can ultimately cost the consumer. When inadvertently referring a patient for follow-up tests to an out-of-network provider, who is responsible for the error? The doctor, the provider of the test or the consumer? The consumer is responsible for the bill.

Medicare Advantage Plans and nursing home facilities... We are aware of situations where a person in a nursing home has been told to drop their Medicare Advantage Plan. This is not the best advice. The person may or may not be able to purchase a supplemental policy or they may not be eligible for Medicaid, leaving them with Medicare only. The Medicare Advantage Plan is responsible for skilled nursing care just as much as traditional Medicare.

Each Medicare Advantage Plan is set up to serve specific areas designated by zip codes. Education must be provided to ensure clients understand what areas of the state are included in their network. Hardships are incurred by clients who move to a new zip code and learn their plan no longer works for them as they are out of network, out of the service area or providers do not accept payment from that plan.

Traditionally, Medicare benefits do not cover all medical expenses and there are premiums, deductibles and co-insurance to consider. Enrollment in a Medicare Advantage Plan heeds special attention to details in order to determine the best alternative for an individual's cost sharing. Decisions for dual eligibles, some of our most vulnerable clients, become even more difficult. It is especially important for Medicare Advantage Plan agents to thoroughly understand the ramifications of their plans with respect to the client's needs. This does not always occur.

These problems are all symptoms of lack of education by agents, providers and consumers. The stories could fill volumes.

One thing is clear, these plans may be great for the market place but improvements could be made to better serve the public. It is obvious that the older an individual becomes, the more difficult it becomes for them to understand the multitude of choices presented. Due to the number of plans, sales and marketing practices require closer scrutiny and authority for enforcement by the Missouri Department of Insurance. Agents must be fully educated before they are allowed to sell plans. Subsequently, the companies offering Medicare Advantage Plans must also commit to educating providers and consumers.

I sincerely appreciate the opportunity to speak before you today. I share with you real-life situations about Medicare Advantage Plans and how they are impacting Missourians. The employees and volunteers of CLAIM will continue to assist people with Medicare so they can make informed decisions regarding their benefits.