

**Opening Statement of  
United State Senator Claire McCaskill  
Special Committee on Aging  
“What Seniors don’t know before they enroll –  
aggressive sales of MA plans in Missouri.”  
June 30, 2008**

I would like to welcome everyone to today’s hearing. I particularly want to thank our witnesses for taking time out of their busy schedules to be with us here today.

I want to discuss Medicare Advantage (MA) plans in Missouri. I understand that these plans may be helpful under the right conditions. I am concerned, however, that after more than a year of congressional scrutiny, I am still hearing from constituents who have been victims of predatory and, sometimes, illegal sales and marketing tactics. Our investigations have also revealed these concerns apply to the relatively new Medicare Advantage product Special Needs Plans. These plans are designed for low income or seriously ill seniors who may lose much needed assistance from Medicaid to cover co-pays when placed in a Medicare Advantage plan. It is important to assure vulnerable seniors are not pressured into an inappropriate plan due to high sales agent commissions and company profits.

Medicare Advantage was created to improve access, choice and services for seniors. They have been touted as the solution for rural citizens, those with special needs, and as a way to increase choice and efficiently bundle services for low-income senior’s eligible for both Medicare and Medicaid.

In February, however, the GAO released findings that under many different scenarios MA actually cost seniors more money out of pocket and limits the services they would have received with regular Medicare. In addition a report GAO issued just last week stated that Medicare Advantage plans underreported profit to CMS by \$1.14 billion (on top of the \$35 billion the plans in the study made in 2005) while 80% of beneficiaries were enrolled in plans for which expenses for medical care were *lower* than projected.

Further there exists today an “alphabet soup” of choices for seniors, be it a MA - PDP, PPO, HMO, SNP, PFFS, or MSA. Be assured the senior is given multitudes of options for each separate plan. So if the goal of these plans was to offer more choice, we would say they have succeeded, however some would say this confusing array of choices has been to the detriment of the senior. In Missouri alone there are over four dozen MA and Special Needs Plans.

All this choice is expensive; Congress’s expert advisory panel on Medicare payment policy, The Medicare Payment Advisory Commission (MedPAC), and the Congressional Budget Office (CBO) have determined that *on average* the Federal Government is paying these private plans *12 percent* more than it costs to treat comparable beneficiaries through traditional Medicare, with some plans receiving up to *19 percent more*. The commission has also warned us that unless we reign in these expenses the Medicare Hospital

Insurance Trust Fund will become insolvent much more quickly than currently projected. Furthermore, Medicare's actuary has recently testified that seniors who choose to remain on traditional Medicare are subsidizing these Medicare Advantage plans by \$48 per couple each year, adding up to \$700 million, to help finance the overpayments to these MA programs.

Last week, the Senate minority blocked legislation to prevent a large cut in Physician Medicare reimbursement that also would have prohibited some predatory sales tactics under Medicare Advantage. I am particularly concerned about the individuals who are at greatest risk, frail elders and people with complex or serious chronic needs who are served by Special Needs Plans. These are some of the fastest growing plans contributing to the 11% growth in overall MA enrollment in the last 6 months. Their growth is surely fueled in part by the 19% premium they receive.

I look forward to hearing from our witnesses about these issues. It is my intention to continue efforts in Washington to address and resolve them, including putting pressure on Congress and the Administration to assure that seniors aren't getting swindled and that the American taxpayer isn't either.

Today I want to get a "boots on the ground" look at how the MA plans have impacted my state. And with that I welcome the testimony from today's witnesses and how I can move forward from here.