

STATEMENT OF RANKING MEMBER GORDON H. SMITH

U.S. Senate Special Committee on Aging
“Medicare Advantage Marketing & Sales: Who Has The Advantage?”
May 16, 2007

Good morning, and thank you all for coming to today’s hearing that will examine the marketing and sales of Medicare Advantage plans.

For years, traditional Medicare was the only option available to seniors. But recent Medicare reform laws have provided expanded choices in healthcare coverage, and increasing numbers of beneficiaries now are opting for Medicare Advantage plans, such as HMOs, PPOs and Private-Fee-for-Service (PFFS). Due to the explosion of these products on the market, insurers are aggressively competing to enroll beneficiaries in their plans, and to do this, they are using independent agents and brokers in an unprecedented fashion.

As we will hear today, oversight of this burgeoning industry has proven challenging, and reports are on the rise regarding unlawful sales practices in soliciting and selling Part D prescription drug coverage, Medicare Advantage plans and Medicare Supplemental Insurance. I am troubled by reports in my home state of Oregon regarding aggressive marketing tactics such as soliciting seniors at retail stores, pharmacies, doctors offices and in cancer clinics; door-to-door cold calling; and in extreme cases, forging beneficiaries’ signatures on enrollment forms. Regrettably, these complaints appear to reflect what is transpiring across the country. Therefore, it is critical that the stakeholders at today’s hearing step up and quickly address problems, which, if left unchecked, will cripple beneficiaries’ confidence in the program.

Medicare Advantage plans provide important benefits and cost savings for millions of America’s seniors. The goal of today’s hearing is not to disparage MA plans, but instead to ensure that beneficiaries who enroll in these plans make informed choices and select products that best meet their needs. As today’s hearing will show, this cannot happen in an environment permeated by fraud and abuse.

Beginning in the 109th Congress I commenced an aggressive Medicare oversight project examining, among other things, marketing and enrollment issues relating to Medicare Part D and Medicare Advantage plans. With my colleagues, I will continue this work in the 110th Congress. I thank Senator Kohl for holding this important hearing today, which will inform the report that I will be issuing later this year relating to program oversight. I look forward to today’s discussion.