

**MISSOURI SENATE**  
**WES SHOEMYER**  
**18<sup>TH</sup> DISTRICT**

June 27, 2008

United States Senate Special Committee on Aging  
Washington, DC 20610-6400

Members of the Committee:

Good morning.

I am Missouri State Senator Wes Shoemyer from the Missouri 18<sup>th</sup> Senatorial District which encompasses 13 counties in northeast Missouri.

Last summer, my office started receiving calls from elderly folks who had listened to the advertisements on television or to salesmen either on the phone or at their door and had purchased health insurance coverage that they subsequently found out they couldn't use. This is how I learned about Medicare Advantage Plans.

My constituents were going to the doctor and being told that the Doctor did not take the Medicare Advantage Plan and that they would have to pay out of pocket for their office visit.

Medicare Advantage Plans, as you know, are HMO programs. In my district, there are very few HMO's. Honestly, there are very few health care providers.

When we started looking at the problem, we were somewhat overwhelmed at the decisions that have to be made relating to health care after the age 65.

At age 65 you are eligible for Medicare. Traditionally,  
Medicare – Part A is hospital inpatient costs – w/deductible  
Medicare – Part B is medical expenses (doctors) – w/deductible  
Medicare – Part D is pharmacy

When the deductibles became too high another entity was created call the Medigap plans. These supplemental policies cover the cost of the deductibles and provide other services. In Missouri, you have a choice which plan and services fit your needs best. There are 10 plans, A through J. Next, you have to find an insurance company that offers that plan at the best price.

That's a lot of decisions. Along comes someone who says we have this really great option and that's were the problem started. We heard many scenarios:

My constituents did not realize they had signed up for the plan. They didn't sign anything and never agreed to change from their supplement & Part D plan to an Advantage Plan.

Constituent thought it was a supplemental plan. They didn't understand and were not informed that the Advantage Plan was everything.

The area where we saw the most abuse was dual eligibles (MEDICAID). Applications were filled out incorrectly by the agent stating that the constituent does not have MEDICAID when, in fact the agent was told that the person was on MEDICAID. The agent did not know how MEDICAID worked with MEDICARE and therefore could not inform the constituent that with the Advantage Plan they would have to pay more out of pocket because MEDICAID does not pay as a secondary payer.

In this era of privatization, the federal government allowed insurance companies to begin selling Medicare Advantage Plan. These plans include Medicare Parts A and B and your supplemental coverage. Some of the Medicare Advantage Plans also cover pharmacy, or Part D. During the enrollment period, the airwaves are inundated with commercials for Medicare Advantage Plans. Nice looking actors tell their story and say they found salvation by switching over to (whatever) Medicare Advantage Plan. The entire decision making dilemma was taken care of by this plan and with one simple monthly payment.

However, if the plan is not offered in your area, the costs are too high.

The fact that these plans are allowed to be called “Medicare” is very misleading. Medicare is a government sponsored program, with government safeguards open to those who qualify and available everywhere. Medicare Advantage is not.

The Heartland RSVP Program, our CLAIM office in Kirksville, has been very successful working with CMS and the MO Department of Insurance in getting the constituent back on traditional Medicare “Red, White and Blue” Card.

I wanted to see if there was anything that the state could do. In addition to writing about this in my weekly newspaper column, I talked with Heartland RSVP and learned the ins and outs of the problem. My office contacted the Missouri Department of Insurance and was told that all the state could regulate was agent behavior. With the help and approval of the Department, SB 773 was drafted. This bill would have:

- required a 2 business day waiting period between the Presentation of the plan to an applicant and signing the paperwork enrolling them in the plan.
- required the agent to provide each client with a statement, approved by the department, that advised the applicant to check with their doctor and other health care providers to make sure that they will accept this plan.
- required the agent to have the applicant sign a disclosure saying that they were given information stating that Medicare Advantage Plans are not Medigap or supplemental plans.

As you have probably guessed, the legislation was heard on February 12<sup>th</sup>, by the Senate Committee on Small Business, Insurance and Industrial Relations. There was no testimony against the bill; however, the committee did not take further action on the bill. Senator Engler, who had offered a similar bill, did get the language amended to HB1283, the Insure Missouri Bill, however that bill died in the Senate.

In the intervening months, I have read that CMS is cracking down on this behavior, but I feel it is very important for the federal government and the State of Missouri to insure that our elderly citizens are not sold a “pig in a poke” so to speak.

Respectfully submitted,

Senator Wes Shoemyer  
Missouri Senate

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