



MEDICARE ADVANTAGE PLANS – PRIVATIZATION’S TROJAN HORSE IS “PREMIUM SUPPORT” A BETTER DEAL FOR OUR COUNTRY?

Talking Points

The goal of many in Congress and the Centers for Medicare and Medicaid Services (CMS) has been to shift federal healthcare expenses onto the backs of seniors. Medicare Advantage (MA) plans have been the delivery model or Trojan horse.

The 2018 House Budget called for privatizing Medicare during the 2022-2026 period but the Congressional Budget Office (CBO) says that under the MA Premium Support model that in 2024 net federal spending on Medicare A & B would be 8% lower but enrollee premiums would be 35% higher and enrollee net spending on healthcare would increase 18% (Cost Shifting). Privatization would likely dissolve MA plans.

Private plan insurer carry 12-15% overhead and profit burdens and have failed to compete without federal subsidies. In 2017 Medicare paid MA insurers 10% more per enrollee than Medicare paid to Traditional Medicare Part A & Part B per enrollee!

In 2018 CMS gave MA plan insurers a 2.95% payment gift and 3.4% or \$7 billion is planned for 2019 to pay for nutrition advice, home delivery of groceries, bathroom safety devices. Shouldn't these be made available to Traditional Medicare also?

The Premium Support model changes annually; in 2017 grandfathering was reduced by 50% or more in the House Budget and it became obvious that MA plans are to be phased out as private insurers take over the market during the 2022-2026 period.

NRLN Proposed Recommendations:

Grandfather and protect the 18 million seniors (33%), who have purchased MA plans in good faith, from future reductions in benefits and guarantee the protection of baked in subsidies as of December 31, 2017 and all future MA subsidies, rebates, etc.

Direct GAO, CBO and the Health and Human Services (HHS) Inspector General to investigate and report on Medicare C, MA and Traditional Medicare Part A and Part B independent financials and publicly disclose the cost effectiveness of Medicare Part C, with and without taxpayer subsidies.

Congress and federal agencies must revise rules, regulations and statutes such that CMS may not authorize Medicare benefits afforded to MA insurers that are not also included in Parts A, B and D of Traditional (FFS) Medicare.

Retract the planned 2019 MA 3.4% benefit subsidies to be paid to insurers.