A 23-YEAR ATTEMPT TO PRIVATIZE MEDICARE HAS FAILED
MEDICARE ADVANTAGE QUALITY BONUS PLAN IS A HOUSE OF CARDS

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TALKING POINTS:

The National Retiree Legislative Network (NRLN) fully supports competition from private healthcare plans and understands the financial challenges ahead for Medicare and the federal budget. However, we lobby against legislated subsidies and restrictions placed on original Medicare Fee-for-Service (FFS) just to preserve the notion that private insurance plans are more effective.

The NRLN's primary concern is for its members and all seniors. Medicare is threatened to become insolvent by 2028. Medicare enrollees grow 25% from 2018 to 2029 and from 60 million today to nearly 100 million by 2060. Medicare's healthcare costs grow 101%, from $741 billion to $1.5 trillion, by 2029! The major problem is healthcare costs are rising four (4) times faster than enrollees – MEDICARE HEALTHCARE COST ARE OUT OF CONTROL!

Congresses and administrations have chosen to use taxpayer subsidies paid to MA insurance companies as a Trojan horse to move Medicare toward privatization. There are three realities: 1) healthcare costs are rising four times faster than the number of new Medicare enrollees, 2) after 23 years and over $350 billion in rebates to Medicare Advantage (MA) plans, their annual payments per enrollee are 103% of enrollees in the original Medicare FFS plan, and 3) MA plan privatization has already failed.

Congress pays MA insurers rebates of $122 a month per enrollee. In 2020, of the $271 billion in payments made to MA plans, $35 billion, or 13%, were bonus and rebate payments. Since 1997 over $400 billion has been paid in bonuses and rebates.

Congress has legislated quality bonuses and rebates that heavily favor MA plans in competition with FFS. It passed legislation mandating that starting in 2019-2020 MA plans may offer 19 new supplemental benefits to the 26 million MA enrollees only. The 44 million enrollees in original Medicare FFS have been denied access to these new benefits. The NRLN asserts that this denial of benefits is discriminatory

Congress tipped the scales even more by enacting restrictive legislation that prohibits FFS from establishing provider networks or implementing new innovations and seeking competitive supplier bids. For example, FFS can't accept bids for prescription drugs or certain medical equipment.

The Medicare Advantage Quality Bonus Plan (QBP), with the use of federal income tax dollars, is a bonus incentive plan that does not measure consumer product or service effectiveness. As the Medicare Payment Advisory Committee (MedPAC) has reported to Congress, QBP is unprofessionally derived and administered. Astonishingly, this 1-5-star plan awards 1-star rated plans a 50% rebate! The Health and Human Services (HHS) Inspector General has disapproved these payments, calling them Wrong or Improper Payments. This QBP program is a HOUSE OF CARDS and the achilleas heel of Medicare privatization!

Four million enrollees in company or union MA–PPO plans are not as affected by rebates as MA–PPO plans. PPO plan benefits are usually not network restricted and premiums are negotiated and less dependent on rebates. More expensive PPO-like benefits can be negotiated and purchased through private insurance companies and are widely accessible.

NRLN Proposals

- Immediately suspend MA plan bonus and rebate awards and order MedPAC, the Government Accountability Office (GAO), Congressional Budget Office (CBO) and the Health and Human Services (HHS) Inspector General to investigate and report on MA and original Medicare Part A and Part B independent financials and assess and publicly disclose the quality and cost effectiveness of MA, with and without taxpayer financial subsidies (rebates and star bonuses).

- Grandfather and protect the 26 million seniors (36%), 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, 2019 and all future MA subsidies, rebates, rewards, bonuses and non-traditional Medicare plan benefits combined.

- Make original Medicare A & B FFS enrollees, who have the same health conditions and needs as those in MA plans, eligible to receive all "new" benefits offered to MA plan enrollees, or retract the 2019 and 2020 "chronic" disease benefits e.g. home air filters and carpet shampooing for asthma patients, payments for heart healthy meals for those with heart disease and other services that represent a shift from services that prevented, improved or cured a patient's conditions, to services determined by what a chronically ill patient needs. As it is, Congress has legislated highly discriminatory benefit access rights that picks winners and losers in the same universe or class.

- Reduce the $140 billion annual wrong and improper payments generated by all federal agencies (particularly the $85 billion attributable to Medicare and Medicaid). Sequester savings and use them to eliminate the 75-year deficits of Medicare Part A and Part B,

- Centers for Medicare and Medicaid (CMS) and Congressional Operational Priorities:

  CMS must focus resources on refining FFS Benchmark fees and costs based on county and / or regional market costs for goods and services by focusing on a prioritized list of treatments for life threatening and/or high cost end results criteria.

  Rename QBP to Healthcare Statistical Quality Control (HSQC) plan (or anything but QBP) and establish measurable supplier process and end results standards, audit and report on supplier performance results. Motivate Affordable Care Organizations (ACOs)-like supplier delivery and wellness systems and create a focused FFS cost reduction plan.

  Congress has a duty to amend or create legislation that enables Medicare FFS free-market authority to seek competitive bids and buy healthcare products and services directly without artificial constraints or obligations to buy through middlemen. Also, current legislation that prohibits Medicare FFS from innovating with new programs or to form networks that would lower healthcare costs and better serve seniors' healthcare needs must be abolished. Congress has afforded MA plans an unfair competitive advantage – it must eliminate this preferential treatment!