

July 2, 2007

The Honorable Pete Stark
Chairman
Subcommittee on Health
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Stark:

On behalf of the 1.4 million members of the American Federation of State, County and Municipal Employees (AFSCME), I write in strong support of your legislation, the Medicare Advantage Truth in Advertising Act of 2007 (H.R. 2945). This bill helps to protect Medicare beneficiaries by ensuring that private insurance companies cannot continue to bait beneficiaries to switch out of the traditional Medicare program only to find when they get sick that their out-of-pocket costs are more than if they had stayed in the tried and true Medicare program.

Current law floods private insurers with overpayments to induce them to offer more Medicare Advantage plans and to shift more Medicare beneficiaries into private Medicare Advantage plans. Although many beneficiaries mistakenly believe these plans are supplemental policies, they are a private alternative to Medicare. Many seniors do not realize when they sign up for Medicare Advantage plans that they will lose their Medicare coverage and terminate or jeopardize eligibility for existing retiree or Medicare supplemental plans.

The dizzying array of complex benefit packages and out-of-pocket rules vary from plan to plan and can change every year in a Medicare Advantage plan. While current law requires these plans to offer an overall benefit package which is equivalent in value to traditional Medicare, they can and do change their benefit and cost—

sharing rules to keep the healthiest, and least costly, beneficiaries in their plans. While many of these private plans appear to offer additional benefits, they can force beneficiaries to pay for these illusory benefits through daily co-payments for home health care, and increased out-of-pocket costs for physician visits, durable medical goods, hospital care and chemotherapy. Beneficiaries, particularly those who are frailer and sicker, are not always better off financially in Medicare Advantage plans than in traditional Medicare.

Your legislation is important and helps to make sure that Medicare beneficiaries do not replace the security of Medicare with less advantageous private coverage. Your legislation ensures that Medicare Advantage plans will not make beneficiaries pay for illusory additional benefits by requiring higher co-payments for services than Medicare. AFSCME thanks you for introducing this legislation. We stand ready to work with you to secure its passage and to address the inequities raised by the proliferation of Medicare Advantage plans, in particular the need to recalibrate the payments to these plans to ensure the financial health and integrity of the traditional Medicare program.

Sincerely,

Charles M. Loveless
Director of Legislation

CML:lb:gm