

June 18, 2007

The Honorable Fortney H. (Pete) Stark  
Chairman, Subcommittee on Health  
Committee on Ways and Means  
Washington, DC 20515

Dear Chairman Stark:

Consumers Union, the independent, non-profit publisher of Consumer Reports, thanks you for your introduction of legislation to protect Medicare beneficiaries who enroll in Medicare Advantage plans against co-payments and deductibles higher than those required under traditional, fee-for-service Medicare.

Your proposal is an important consumer reform, because a number of the new Medicare Advantage plans, particularly Private Fee-for-Service Plans, have new and very confusing arrays of co-payments and deductibles. We believe, and press reports confirm, that a number of beneficiaries have joined such plans with little or no understanding that their out-of-pocket expenses may actually be higher, rather than lower compared to traditional Medicare. While most plans are offering extra benefits, and thus are attractive to many beneficiaries, the fine print can disguise the fact that co-payments for services needed by those with rehabilitation or long hospital stays may be higher than in traditional Medicare. By setting a limit on these extra costs equal to the extra costs in traditional Medicare, you will help ensure that beneficiaries—particularly those most in need of services--are not surprised and economically hurt by the confusing array of options before them.

We understand that this proposal may become part of a larger package of legislation to improve beneficiary protections in Medicare Advantage plans, make choices easier to compare, and eliminate the overpayments to plans which are driving up premiums in traditional Medicare and speeding the day of the exhaustion of the Part A Trust Fund. We look forward to working with you on ways to preserve and improve the Medicare program, while increasing consumer protections in the various Medicare Advantage programs.

Sincerely,

William Vaughan  
Senior Policy Analyst