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March 28, 2012

The Honorable Pete Stark
Ranking Member, Subcommittee on Health
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Stark:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I write in support of the Medicare Advantage Program Integrity Act (H.R. 4254). Your bill would stop inaccurate Medicare overpayments to private insurance plans and save Medicare over \$20 billion over ten years.

AFSCME has long been concerned with private insurance plans that supplant the traditional government administered Medicare program. These private plans are overpaid relative to traditional Medicare, costing taxpayers and beneficiaries more. The overpayments made to these plans hurt the fiscal solvency of Medicare and increase all beneficiaries' premiums. Although the Affordable Care Act took important steps to rein in the overpayments made to these private plans, insurance plans continue to game the system in several respects.

A recent report by the Government Accountability Office suggests that plans erroneously classify the health status of their enrollees in such a way as to get higher overpayments. In addition, private plans exploit a loophole in the law to retain investment income on advance government payments to the plans. Your legislation would address these problems by ensuring that taxpayers' payments to these plans more accurately reflect the health status of enrollees and ending the ability of Medicare Advantage plans to retain investment income from prepayments.

We applaud you for introducing this legislation and for vigilance in maintaining the integrity of the Medicare program by reining in overpayments to private Medicare Advantage plans.

Sincerely,

Charles M. Loveless
Director of Federal Government Affairs

CML:lbm

American Federation of State, County and Municipal Employees, AFL-CIO

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