



Kaiser Daily Health Policy Report

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Capitol Hill Watch

Debate Over Reducing Medicare Advantage Plan Payments Continues

Lawmakers continue to debate whether to reduce federal payments to private insurers that administer the fastest-growing type of Medicare Advantage plans -- private fee-for-service plans, the [AP/Atlanta Journal-Constitution](#) reports (Freking, *AP/Atlanta Journal-Constitution*, 5/30). The House Ways and Means [Health Subcommittee](#) on May 22 held a hearing on MA private fee-for-service plans, and subcommittee Chair Pete Stark (D-Calif.) said the plans top his list for proposed reductions in Medicare reimbursements to fund an expansion of SCHIP.

Stark said, "Given that half of the projected Medicare Advantage growth" is in the area of private fee-for-service plans, "we need to immediately evaluate its value before it gets unmanageable." Medicare reimbursements for MA fee-for-service plans on average are 19% higher than those for traditional Medicare for equivalent benefits, and critics say that sales agents often misrepresent the plans to enroll beneficiaries ([Kaiser Daily Health Policy Report](#), 5/23).

David Certner, legislative policy director for [AARP](#), said, "The reason we were moving to managed care was that it could supposedly deliver health care more cheaply than Medicare. If the plans can't, the question is why should we give them excess payments?" However, acting [CMS](#) Administrator Leslie Norwalk said that private fee-for-service plans offer better preventive health benefits than traditional Medicare. "It's clearly better health policy to prevent something and to help someone lead a better quality of life, without regard to what it cost the Medicare program," she said.

Former CMS Administrator Tom Scully said it would be "hard to roll back" enrollment in the plans because "all these beneficiaries have very plush, wonderful private fee-for-service plans with zero premiums. They're not going to be very happy when their congressman tells them it's going away" (*AP/Atlanta Journal-Constitution*, 5/30).