

Privatized MA Programs Can Hurt Beneficiaries

By Wesley E. Wright and Molly Dear Abshire, as published in the Houston Chronicle Senior Living Section on October 22, 2008.

The Medicare program was enacted into law in 1965, because many seniors lacked private health insurance. It, along with Medicaid, is an enduring legacy of the LBJ years. In 1972, Medicare was expanded to cover not just seniors but persons with disabilities as well. Throughout the years, Medicare has proved highly successful in meeting the health-care needs of the target population (the aged and disabled). But Medicare now faces myriad problems, resulting largely from privatization efforts.

Medicare Part C is called Medicare Advantage ("MA"), involves the use of private health care plans often known as health maintenance organizations ("HMOs") in the delivery of Medicare-covered services. Beneficiaries have the option of remaining in traditional Medicare or enrolling in one of the MA plans. While there are no doubt some good MA plans available, many Medicare beneficiaries report disastrous results from enrolling in such plans. Some MA plans have, without notice, discontinued coverage of critical services that would be covered under traditional Medicare. The result is that enrollees go without necessary services or find themselves being billed for services they thought were covered and for which they can still afford to pay. In many cases, these bills have been turned over to collection agencies, thus threatening the credit ratings of the beneficiaries affected.

This problem was noted by Judith A. Stein, an attorney and the director of the Center for Medicare Advocacy. "Medicare privatization will cost taxpayers over \$150 billion over ten years, while it hurts many people with Medicare and strangles the traditional Medicare program," she said.

Particularly disturbing is the alleged unethical marketing practices of many MA sales representatives. The Center for Medicare Advocacy reports that sales representatives often appear on an individual's doorstep without notice and enter the home uninvited. Their sales techniques are intimidating, and people are sometimes pressured into enrolling in an MA plan based on incomplete or even inaccurate information. Often prospective enrollees are not told, or fail to understand, that in order for the MA plan to pay, the patient must see a doctor or other provider who participates in the plan's network. When a patient sees a provider outside the network, the patient gets stuck with the bill. There are reported instances of such bills running \$5,000 or more. By the time one discovers that he/she made a mistake by enrolling in a given MA plan, it is not always as easy to dis-enroll and return to traditional Medicare as the individual might have been led to believe.

"The private Medicare Advantage system is starving the successful traditional Medicare program, overcharging taxpayers, and hurting beneficiaries. Studies by MedPAC, the Congressional Budget Office, the government accountability office, the Commonwealth Fund and numerous scholars confirm that taxpayers are spending between 12 - 19% more on private plans than they would for beneficiaries to receive the same services in traditional Medicare. Meanwhile, private Medicare has proven far less able to provide secure health insurance and a wide choice of doctors and other health care providers for older people and people with disabilities," Ms. Stein stated.

The Center for Medicare Advocacy has concluded that the solution to Medicare's problem does not rest

with raising the eligibility age, increasing premiums, tightening up on requirements, or cutting services. Rather, the solution appears to be to stop the nearly expensive trend toward privatization and to place tighter controls on the questionable practices of some existing MA plans.

The above problems point out the critical importance of consulting a qualified elder law attorney before switching from traditional Medicare to an MA plan, as well as prior to making any decision regarding Medicare or Medicaid.