



For Immediate Release
June 26, 2007

Contact: Erin Shields
(202) 224-4515

**BAUCUS EXAMINES SUSPENSION OF MARKETING OF
PRIVATE FEE-FOR-SERVICE PLANS**

*Finance Chairman requesting information, recommendations regarding CMS oversight
of insurance plans*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) is requesting more information regarding the recent suspension of marketing of private fee-for-service plans by major Medicare Advantage organizations. On Monday, Baucus wrote to the Acting Administrator of the Centers for Medicare and Medicaid Services (CMS), the president of America’s Health Insurance Plans, and the CEOs of the seven health plan sponsors. He asked what triggered the suspension of marketing activities, how CMS will strengthen its oversight of plans, why insurers agreed to temporarily cease marketing their plans, and what improvements insurers would recommend to the private fee-for-service program. Baucus has criticized inappropriate marketing of private Medicare plans, and recently expressed his support for the marketing suspension.

“Seniors need straightforward information to pick the drug benefit plan that’s right for them, and they should get the benefits they’ve been promised,” said Baucus. **“CMS needs to take a long, hard look at the way private insurers are marketing their Medicare plans to American seniors and to step up its oversight. I’m going to ask a lot of questions of a lot of folks to make sure seniors come first in the private fee-for-service program.”**

Baucus is the Chairman of the Senate Finance Committee, which has jurisdiction over Medicare. The text of the letters follows here.

June 25, 2007

Via Electronic Transmission

Leslie V. Norwalk, Esq.
Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Acting Administrator Norwalk:

The Committee on Finance (the Committee) has exclusive jurisdiction over the Medicare program. As Chairman of the Committee, I take this responsibility very seriously. Therefore, I conduct oversight of the Centers for Medicare and Medicaid (CMS) to ensure, among other things, that the program is administered as Congress intended.

--4 more--

On Friday, June 15, 2007, CMS announced that in response to concerns about marketing practices of certain Private-Fee-For-Service (PFFS) plans, seven health plan sponsors signed agreements to voluntarily suspend marketing of these plans. Pursuant to the agreements, CMS will lift these voluntary suspensions when it certifies that a given plan has the systems and management controls in place to meet all of the conditions specified in the 2008 Call Letter and CMS May 25, 2007 guidance, "Ensuring Beneficiary Understanding of Private Fee-for-Service Plans, Actions and Best Practices."

As you know, I have previously expressed concerns about the marketing activities by Medicare Advantage (MA) plans in general and of PFFS plans specifically. Therefore, I write today to request that you explain what precipitated these voluntary suspensions and inform the Committee how CMS will conduct this suspension and strengthen its oversight of PFFS plans. Please answer the following questions:

1. What precipitated these voluntary suspensions?
2. Why didn't CMS mandate a marketing suspension?
3. Does CMS have the authority to suspend the enrollment activities of these seven plans? If so, why didn't it do so during the marketing suspension?
4. Does CMS have the legislative authority to require MA organizations to cease specific actions that CMS deems inappropriate or harmful to beneficiaries? Does CMS have legislative authority to suspend activities such as marketing until the organizations have met new guidelines published by the agency? Under what circumstances can CMS require an immediate suspension of marketing and enrollment activities?
5. Furthermore, what are the administrative processes and the associated timeline for exercising this authority?
6. How will CMS determine that the seven MA plan sponsors, which voluntarily suspended their PFFS marketing activities, are in compliance?
7. What will CMS do to ensure that MA organizations that did not volunteer a suspension adhere to the latest marketing guidelines in the most expeditious timeframe?
8. Please explain what actions CMS will undertake during this suspension to improve its monitoring of all MA plan sponsors marketing activities and beneficiary protections in general. This is of particular concern, in light of the allowance that CMS gives to all MA organizations to enroll dual-eligible beneficiaries at anytime during the year.

Thank you in advance for your cooperation. Please provide a written response to my questions no later than July 9, 2007. Should you have any questions regarding this matter please contact [staff] at (202) 224-4515.

Sincerely,

Max Baucus
Chairman

June 25, 2007

Via Electronic Transmission

Karen Ignagni, M.B.A.
President and CEO
America's Health Insurance Plans
601 Pennsylvania Avenue, NW
South Building, Suite 500
Washington, DC 20004

Dear Ms. Ignagni:

The Committee on Finance (the Committee) has exclusive jurisdiction over the Medicare program. Accordingly, the Committee has a responsibility to the more than 40 million Americans who receive health care under the program and to the taxpayers who fund it.

As Chairman of the Committee, I take its oversight responsibilities for Medicare very seriously. Therefore, I conduct oversight of the Centers for Medicare and Medicaid Services (CMS) to ensure, among other things, that plan sponsors and providers comply with all program rules and regulations as administered by CMS.

On June 15, 2007, CMS announced that in response to concerns about marketing practices of certain Private-Fee-For-Service (PFFS) plans, seven health plan sponsors, all of whom are members of America's Health Insurance Plans (AHIP), signed voluntary agreements to suspend marketing these plans. Pursuant to the agreement, CMS will lift these voluntary suspensions when it certifies that a given plan has the systems and management controls in place to meet all of the conditions specified in the 2008 Call Letter and CMS' May 25, 2007 guidance, "Ensuring Beneficiary Understanding of Private Fee-for-Service Plans, Actions and Best Practices."

It is critical to me that beneficiaries are protected against inappropriate or harmful actions by any organization or provider that participates in the Medicare program. As you know, I have previously expressed concerns about marketing activities by Medicare Advantage plans. I am aware of AHIP's concerns about this as well and note the principles its Board of Directors issued May 15, 2007, "Protecting Beneficiaries: Improving and Monitoring Medicare Marketing Practices."

To more fully understand what led the seven organizations to enter into the agreements with CMS and AHIP's role in these voluntary suspensions, please answer the following questions:

1. How did these seven health plan sponsors and CMS decide to enter into these voluntary suspensions? Please describe AHIP's role in these agreements.
2. Please explain AHIP's understanding as to why these suspensions do not apply to all MA organizations offering PFFS plans?
3. What are AHIP's expectations of its members and of CMS, during this suspension?

I thank you in advance for your cooperation and request your written response to my questions no later than July 9, 2007. In complying with this request for information, please respond to each enumerated question by repeating the questions, followed by AHIP's response.

Should you have any questions regarding this matter please contact [staff] at (202) 224-4515.

Sincerely,

Max Baucus
Chairman

June 25, 2007

[Medicare Advantage Private Fee-For-Service Plans]

Dear [CEO]:

The Committee on Finance (the Committee) has exclusive jurisdiction over the Medicare program. Accordingly, the Committee has a responsibility to the more than 40 million Americans who receive health care under the program and to the taxpayers who pay for it.

As Chairman of the Committee, I take its oversight responsibilities for Medicare very seriously. Therefore, I conduct oversight of the activities of CMS to ensure, among other things, that plan sponsors and providers comply with all program rules and regulations.

On June 15, 2007, CMS announced that in response to concerns about marketing practices of certain Private-Fee-For-Service (PFFS) plans, seven health plan sponsors, all of whom are members of America's Health Insurance Plans (AHIP), signed voluntary agreements to suspend marketing these plans. Pursuant to the agreement, CMS will lift these voluntary suspensions when it has certified that a given plan has the systems and management controls in place to meet all of the conditions specified in the 2008 Call Letter and CMS' May 25, 2007 guidance, "Ensuring Beneficiary Understanding of Private Fee-for-Service Plans, Actions and Best Practices."

Protecting Medicare beneficiaries is critical to me and I appreciate that you agreed to this voluntary suspension of marketing activities. To more fully understand the circumstances that led *[your company]* to make this agreement with CMS and the actions that it will take to achieve certification by CMS please answer the following questions:

- 1) What was *[your company]* understanding of the CMS marketing guidelines under which *it* marketed its PFFS plan prior to the suspension? Please describe in detail the efforts *[your company]* took to comply with these guidelines.
- 2) In addition to its efforts to meet CMS marketing guidelines, please describe any other beneficiary protections that *[your company]* has previously incorporated into the development and marketing of its PFFS plan.
- 3) Please describe why *[your company]* decided to enter into this voluntary agreement.
- 4) How long does *[your company]* believe it will take its PFFS plans marketing activities to be certified so that this suspension can be lifted?

--1 more--

- 5) During the time *[your company]*, PFFS plan's marketing activities are suspended, what does your company hope that CMS will do and, describe the actions that *[your company]* will undertake during the suspension to achieve compliance with CMS guidelines.
- 6) What changes or recommendations if any does *[your company]* have to offer the Committee that would improve PFFS Medicare, marketing PFFS plans, and CMS' oversight of PFFS plans and marketing?

Thank you again for entering into this voluntary agreement to address problematic marketing practices in the Medicare PFFS program. I thank you in advance for your cooperation and request your written response to my questions, no later than July 9, 2007. In complying with this request for information, please respond to each enumerated question by repeating the questions, followed by your response.

Should you have any questions regarding this matter please contact [staff] at (202) 224-4515.

Sincerely,

Max Baucus
Chairman

###