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FINANCE PANEL HEARS STORIES OF SENIORS HURT BY FRAUDULENT MARKETING OF PRIVATE MEDICARE PLANS

Chairman questions tactics, compensation schemes for private plan sales

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) continued his effort to protect American seniors from fraudulent marketing and sales practices for private Medicare plans today. At a Finance Committee hearing entitled “Selling to Seniors: The Need for Accountability and Oversight of Marketing and Sales by Medicare Private Plans,” Baucus and panel members heard from an Arkansas senior fraudulently enrolled in a private Medicare plan that he did not want or need. Baucus, who intends to legislate bans on several unscrupulous and predatory marketing activities in his Medicare reform legislation this year, expressed particular concern over private Medicare Advantage providers that tie their agents’ bonus and compensation to the total number of approved applications, rather than to ensuring that consumers have the appropriate plan and coverage.

“The issue here is that we have some private companies that are responsible to shareholders, and so provide incentives to their sales force based on maximizing returns and not necessarily on quality care and service to Americans,” said Baucus. **“I know there are good companies and good, honest agents out there, but the system still allows for predatory marketing, and we have no room for this type of fleecing of America’s seniors.”**

In addition to banning the worst marketing practices, Baucus is exploring the idea of more state-based authority, in conjunction with Centers for Medicare and Medicaid Services (CMS), to apply a national marketing standard and to investigate locally cases of fraud being perpetrated within the Medicare Advantage program.

Baucus also questioned witnesses at today’s hearing about the 13 percent payment differential between traditional Medicare fee-for-service plans and private Medicare Advantage plans, specifically whether that 13 percent is returned to beneficiaries through improved or increased care. Chairman Baucus previously raised the issue with HHS Secretary Leavitt in the Finance hearing on February 6 after the President’s FY09 budget suggested that burden for Medicare savings be placed on hospitals and other providers that treat beneficiaries in the fee-for-service program, rather than by eliminating the 13 percent differential for Medicare Advantage plans as recommended by the Medicare Payment Advisory Commission (MedPAC).

The Senate Finance Committee has jurisdiction over the Medicare program. Today’s hearing was the second of three hearings on private plans, including Medicare Advantage. The first, held last month, examined private fee-for-service plans. The third will take place February 13, 2008 at 10:00 a.m. in Dirksen Senate Office Building 215. Chairman Baucus intends to advance Medicare reform legislation in the Committee this year.

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