



Health Navigaid, LLC

February 13, 2023

Congresswoman Mary Gay Scanlon
United States House of Representatives
2501 Seaport Drive
Chester, PA 19013

Re: Budget negotiations, federal spending, and Medicare Advantage

Dear Congresswoman Scanlon,

In addition to being one of your constituents, I am a professional health advocate and a licensed Health and Accident producer in the Commonwealth of Pennsylvania. I have been following the federal budget debate that is emerging in the 118th United States Congress. Again, entitlement programs are one of the areas of focus for reducing federal spending.

One of the potential areas of compromise may be a proposal to mandate that all Medicare beneficiaries enroll in a Medicare Advantage (MA) plan. Since many of your Congressional colleagues are in love with MA, it is not unrealistic to think that such a proposal could gain traction in the House of Representatives. However, few truly understand the program. More importantly, most are disconnected from concerns faced by their constituents who are enrolled in a MA plan.

To illustrate, look no further than a 10/15/21 letter cosigned by Senators Sinema and Scott to the Administrator of CMS during the Build Back Better debate. Their belief that MA produces better health care quality and improved outcomes than traditional Medicare is unfounded wishful thinking. Their belief that MA offers financial protections from high out-of-pocket (OOP) costs not available with traditional Medicare is alarming and uninformed.

In my professional capacity, I have extensive experience assisting Medicare-eligible clients make informed and sound health plan choices. My colleagues and I frequently encounter situations where Medicare beneficiaries find themselves trapped in a MA plan because they did not look beyond the seduction of \$0 premiums and extra benefits that often are more smoke than substance. If you were to ask those of us who understand the program and the product, we probably would tell you the following:

- Performance of MA plans. At best, research findings are mixed. While it is challenging to find credible information, one of the more balanced information sources is Kaiser Family Foundation. In September 2022, KFF published ***Beneficiary Experience, Affordability, Utilization and Quality in Medicare Advantage and Traditional Medicare***. If you have not read it, I hope you will.
- Cost savings. Despite insurance lobby rhetoric, no hard evidence exists today that MA plans are more cost effective than traditional Medicare. Any claims of cost reductions should be considered critically. Are purported cost savings claims apples-to-apples real, or were they achieved by denying medically necessary care or providing inadequate care to MA plan members?

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- Continued design and product problems. While improvements in MA plans have been made over the years, significant issues remain. Compared to traditional Medicare, most MA physician networks are much smaller and physician choice is more limited. Compared to the combination of traditional Medicare and a Medigap supplement, OOP cost exposure with a MA plan is far greater. Most egregiously, there is no safe haven for most MA members when the realities of limited physician choice and greater OOP cost become known to them. If they try to enroll in a Medigap supplement when they return to traditional Medicare, Medigap insurers will subject them to medical underwriting and may refuse to issue coverage.

I hope that you will resist any proposal to replace traditional Medicare with MA for all. Without essential changes in the MA program, all this mandate would do is force 37 million more Medicare beneficiaries into a flawed system. Instead, I hope you will urge your colleagues to focus on improving what should be a less problem-fraught initiative today.

There is nothing inherently wrong with a managed care Medicare program. Nor are any of these problems unsolvable. But since reform may require legislation, the only way effective legislation can be written, introduced, and enacted is if Congressional representatives understand the issues and the solutions that are necessary.

While some proposed changes may be perceived as benefitting one constituency at the expense of another, there is at least one partial remedy that may transcend party affiliation. I believe it would be supported by the insurance industry and viewed positively by Medicare beneficiaries. At a minimum, it would be cost neutral for the federal government.

If you are interested in discussing this further, please let me know.

Sincerely,



Richard S. Pugach
President and CEO
Health Navigaid, LLC