

NEWS – CONGRESSMAN PETE STARK

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STARK: MEDICARE WORKING BETTER FOR SENIORS

WASHINGTON – Rep. Pete Stark (D-CA), Chairman of the House Ways and Means Health Subcommittee, today commented on new analyses by the Centers for Medicare and Medicaid Services (CMS) Office of the Actuary. The reports looked at the effect of the health reform law on traditional Medicare and Medicare Advantage (MA) plans.

“New analysis done by the Medicare actuary shows that health reform will make the Medicare program work better for beneficiaries, leading to substantial reductions in costs,” said Chairman Stark. **“The actuary predicts that the 75 percent of beneficiaries in traditional Medicare will see considerable savings in coinsurance thanks to health reform -- \$241 less per year in 2015, and \$466 per year in 2019.”**

Chairman Stark continued: **“Unfortunately, the Actuary’s new analysis of Medicare Advantage did not take into account the plan bids for 2011. This analysis is already incorrect for 2011 – it projects a reduction in rebates that will not materialize.”**

OACT's analysis on Medicare Advantage was done solely based on an internal model, and as such it fails to take into account several factors:

- The analysis does not reflect the 2011 bid data, which shows that beneficiary access to Medicare Advantage plans is virtually unchanged – 99.7% of beneficiaries will have access to a Medicare Advantage plan in 2011.
- The Actuary’s assumptions do not take into account the lower cost-sharing levels negotiated by Secretary Sebelius. Earlier this year Secretary Sebelius used Section 3209 of the Affordable Care Act to identify 300 plans that were outliers, and successfully negotiated more reasonable cost-sharing and premium increases with 298 of these Medicare Advantage plans. These changes will save beneficiaries in those 298 plans an average of \$13 per beneficiary per month – which translates into \$150 million in savings for beneficiaries next year alone.
- Despite OACT’s earlier predictions that enrollment in Medicare Advantage would decline in 2011, the health insurance industry itself predicts a five percent growth in enrollment in Medicare Advantage plans.

The majority of Medicare Advantage plans will still be paid more than the comparable amount to care for a beneficiary in fee-for-services, meaning that MA beneficiaries in all likelihood will still see lower cost sharing than seniors and individuals with disabilities in fee-for-service Medicare.

The Actuary also projects that the health reform law will reduce coinsurance and premiums for beneficiaries in traditional Medicare:

- For the typical Medicare beneficiary, overall coinsurance will decrease by \$241 per year in 2015 and \$466 per year in 2019 compared to previous law.

- For the prescription drug program, average coinsurance costs will be \$145 less in 2015, and \$259 less in 2019.
- For physician and other Part B services, average coinsurance expenses will be \$83 less in 2015, and \$160 less in 2019.
- For inpatient hospital and other services covered under Part A, average coinsurance expenses will be \$13 less in 2015, and \$47 less in 2019.
- The standard Part B premium will be reduced by \$113 per year in 2015, a 7 percent decrease from what it would have otherwise been in that year. By 2019, the savings will grow to \$218 less per year in Part B premiums, a 10 percent reduction from prior law.

For information on the analysis by CMS on the 2011 Medicare Advantage marketplace, please click here: <http://go.usa.gov/abd>

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