

Committee on Energy and Commerce
Rep. Henry A. Waxman, Chairman

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Karen Lightfoot (Waxman): (202) 225-5735
Adam Benson (Dingell): (202) 225-4071
Richard McGrath (Pallone): (202) 225-4671

Committee Leaders Respond to 2011 Medicare Advantage and Part D Report

Washington, DC – Committee on Energy and Commerce Chairman Henry A. Waxman, Chairman Emeritus John D. Dingell, and Subcommittee on Health Chairman Frank Pallone today commented on the news that the average premiums paid by individuals for private Medicare Advantage (MA) plans, would decline next year, even as insurers provide additional benefits required by the new health care law. The Centers for Medicare and Medicaid Services (CMS) today released the Medicare Advantage and prescription drug landscape for 2011, detailing the changes in the two programs for the new year.

“As a result of the Affordable Care Act and efforts by Secretary Sebelius, Medicare Advantage plans will be delivering better value for seniors in 2011 than they did this year,” said Chairman Henry A. Waxman. “And despite all of the doomsday predictions from Republicans, premiums for Medicare Advantage will actually be going down next year. Part D plans are getting even better. All seniors in the donut hole will get a 50 percent discount on brand name drugs. And even more plans will offer additional donut hole coverage.”

“Today’s news flies in the face of the doomsday predictions we heard during the health reform debate,” said Chairman Emeritus John D. Dingell. “The CMS outlook for 2011 released today shows Medicare Advantage beneficiaries will actually get more benefits from their plans, not less. And the insurers are not suffering because of the changes – they are gaining new enrollees. We can now begin to align payments between traditional Medicare and Medicare Advantage without an increase in premiums or diminishing access. This is not only welcome news for Medicare Advantage enrollees, but it is good news for all seniors in the Medicare program because the additional premiums they currently pay to subsidize Medicare Advantage are slowly coming to an end. The CMS findings leave no doubt, health reform is working – costs are going down, more people are covered and they’re getting improved benefits.”

“For the first time, a Secretary of HHS has stood up to Medicare Advantage plans to drive a better bargain for beneficiaries,” said Subcommittee Chairman Frank Pallone. “By using the new tools created by the Affordable Care Act, the Secretary and the Congress saved

beneficiaries \$150 million for next year and put plans on notice that they cannot charge beneficiaries excessive cost-sharing to juice their own profits.”

The highlights of today’s report include:

- ● **Beneficiaries in Medicare Advantage Plans will see an Average Reduction in Premiums of One Percent in 2011.** According to analysis by CMS, on average, Medicare Advantage premiums will be one percent lower in 2011.
- ● **Affordable Care Act Saved Beneficiaries \$150 Million in Out-of-Pocket Costs.** Using new authority made law as part of the Affordable Care Act, the Secretary of the Department of Health and Human Services (HHS) is protecting Medicare beneficiaries from excessive increases in cost-sharing and premiums in 2011. HHS Secretary Kathleen 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. In June, congressional leaders sent a [letter](#) to Secretary Sebelius urging her to closely review Medicare Advantage bids for 2011.
- ● **Beneficiary Access to Medicare Advantage Plans is Virtually Unchanged.** Despite predictions that health insurance companies would pull out of the Medicare Advantage market, the 2011 landscape is virtually unchanged from 2010. Next year, 99.7 percent of beneficiaries will continue to have access to a Medicare Advantage plan.
- ● **Medicare Advantage Market is Strong: Plans Predict a Five Percent Growth in the Market.** Despite predictions that the Medicare Advantage market would decline, CMS notes the health insurance industry itself predicts a five percent growth in the Medicare Advantage market.
- ● **Better Cost-Sharing Protections for Beneficiaries.** In the past, Medicare Advantage plans that claimed to offer better value for beneficiaries often charged the sickest beneficiaries exorbitant cost-sharing for vital medical services like dialysis, skilled nursing care, and chemotherapy. In implementing the Affordable Care Act, the Secretary is cracking down on such discriminatory practices and guaranteeing that Medicare Advantage plans deliver the value they promise to beneficiaries.
- ● **Increased Drug Coverage in the Donut Hole.** Under the Affordable Care Act, Medicare Part D beneficiaries will receive a 50 percent discount on brand name

drugs while in the donut hole. And in 2011, more plans will offer additional coverage - on top of the 50 percent discount - in the donut hole.

More information on today's announcement by CMS and the 2011 plan landscapes can be found [here](#).

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