

We're all subsidizing billions
in Medicare Advantage profits

By Will Parry

Eight million seniors have now been enrolled in Medicare Advantage plans –including the one offered by Group Health – and most of them are getting either slightly more liberal benefits or are paying lower premiums compared with traditional Medicare.

For now.

Of course, there's nothing in law or regulation to guarantee that next month or next year the level of coverage won't be thinned down, or that the premiums won't be jacked up. Or both.

Meanwhile, here's what's happening under Medicare Advantage:

- The health insurance companies that offer Medicare Advantage plans are being given \$149 billion over the next ten years in taxpayer super-subsidies that should rightfully be called “overpayments.”
- As a result, *all* beneficiaries (including the 81% who are still covered by traditional Medicare) are paying higher Medicare premiums to finance these exorbitant subsidies.
- The eight million in Medicare Advantage plans don't know it, but they are paying not only higher premiums but also higher out-of-pocket costs than those in traditional Medicare for home health care, hospital stays, chemotherapy drugs and many other services.
- Medicare Advantage marketers, hustling for fat commission fees, are using unethical, deceptive and even illegal sales techniques – tactics worthy of Blackwater -- to lure seniors into the private plans. Beneficiaries with dementia have been enrolled in inappropriate plans. Seniors have been removed from traditional Medicare without their consent.
- The billions being poured into Medicare Advantage overpayments are projected to advance the date of Medicare insolvency by two years.
- There is no data proving the overpayments are actually spent on extra benefits. But there is abundant data showing the soaring profits of Humana, UnitedHealth Group, Aetna, Healthspring, Inc., Tenet Healthcare Corp., Cigna Corp. and the other private insurers.

Nobody who has been reading the Retiree Advocate should be surprised at any of this. We warned our readers back in 2003, when the so-called Medicare Modernization Act was enacted (with a crucial assist from AARP) that the legislation included a privatization time bomb crafted by the for-profit health insurance industry.

The enemies of Medicare (Newt Gingrich, for one) have always wanted to strangle it, because for all its limitations, it works -- and its administrative costs are about one-sixth those of private insurers.

Exploiting the compelling need to add prescription drug coverage to the program, the privateers saw their opportunity, and they pounced. Congress was buried in campaign contributions and smothered with lobbyists from the drug and insurance industries

The result: Part D, with its doughnut hole and its chaos. And Medicare Advantage, with its super-subsidies draining the treasury.

Medicare Advantage plans are not just the camel's nose under the tent. They are already the camel's nose, head, neck and shoulders under the tent. And if not forcefully ejected, the entire camel, hooves, humps, tail and all, will sooner or later take over the tent.

And Medicare as it has functioned since its enactment in 1965, will be no more.

That's exactly the way the insurance industry, and its Congressional co-conspirators, planned it. America's Health Insurance Plans (AHIP), the industry's major trade group, has already spent \$4

million on lobbying to defend the misbegotten 2003 law. With a ten-year payoff of \$149 billion in subsidies, they can easily afford another \$4 million – or \$40 million, for that matter. The privatization camel's got to be evicted. There's no room for him in our Medicare tent, now or in the future.