

Medicare Advantage and Selling Private Insurance Products in Medicare

ACTION NEEDED:

Congress should preserve the Medicare Advantage (MA) program, which is effectively providing benefits to over 10 million seniors and disabled Americans. NAHU looks forward to working with Congress to make improvements to the MA enrollment process so that consumers' access to the timely and convenient services of professional health insurance producers is not jeopardized or inhibited.

BACKGROUND:

An increasing number of Medicare beneficiaries are choosing Medicare Advantage plans. Medicare Advantage plans offer a different approach to health care delivery than beneficiaries experience under fee-for-service (FFS) Medicare. Instead of focusing almost exclusively on treating beneficiaries when they are sick, these plans also place a strong emphasis on preventive health care services that help to keep beneficiaries healthy, detect diseases at an early stage and avoid preventable illnesses. In addition, MA plans help reduce beneficiaries' out-of-pocket costs by providing additional benefits not covered in the Medicare program and reducing cost-sharing for Medicare-covered benefits.

Medicare beneficiaries in every county in all 50 states currently have the option of choosing one or more MA health plans. To date, more than 10 million beneficiaries – accounting for nearly 25 percent of all beneficiaries nationwide – have enrolled in such plans and are receiving comprehensive, high-quality, affordable coverage with benefits and innovative services that go well beyond the coverage offered by the Medicare FFS program.

Medicare Advantage has a good track record in providing choices and options not always available in traditional FFS Medicare, including:

- Extra benefits (vision, hearing, dental, wellness programs)
- Innovative health services (case and disease management; nurse help lines)
- Reduced out-of-pocket costs for beneficiaries (Kaiser found MA plans can significantly reduce cost-sharing for Medicare beneficiaries – up to \$4,000 annually for beneficiaries with the highest health care needs.)

NAHU shares the concerns of many that efforts to cut federal support for MA plans may reduce the cost savings, quality and choice that these plans offer to millions of beneficiaries across the country, especially those in more rural areas. Seniors enrolled in Medicare Advantage should not be forced to shoulder the costs to reform the health care system. Significant funding reductions would jeopardize the health security of more than 10 million seniors enrolled in Medicare Advantage and would turn back the clock on innovative payment incentives to improve the quality of care that patients receive.

Medicare Marketing and Sales Activities

As America's pre-eminent trade association representing professional health insurance agents and brokers, NAHU has thousands of members across the country who specialize in the sale of "senior products." We are extremely concerned about ethical sales practices concerning all Medicare-related insurance products, including MA plans. We place the highest priority on protecting consumers and sustaining the integrity of Medicare.

Due largely to a groundswell of well-publicized marketing abuses in the last few years, both Congress and the Centers for Medicare & Medicaid Services (CMS) enacted major changes to the rules governing Medicare Parts C and D marketing and compensation.

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For many years, NAHU has been at the forefront of working with Congress, CMS and state policymakers regarding producer education and the development of Medicare private insurance marketing guidelines. Our organization has offered recommendations for improved accountability and oversight in this area to remove incentives for producers and insurance carriers to “churn” consumers to different products without regard to their health care needs. We have also been involved in joint efforts for licensing and training agents and brokers.

NAHU was pleased to work with Congress in passage of the Medicare Improvements for Patients and Providers Act of 2008, which includes marketing and selling provisions that we have long advocated, including the institution of more level commissions over time, the appointment of all persons selling products, and the establishment of requirements for training, annual retraining, and testing of agents and brokers.

While NAHU is generally supportive of these initiatives, we have encountered from our members areas of concern and potential problems with CMS regulatory guidelines on the scope of appointments and activities in health care settings. We look forward to providing additional insight and counsel to policymakers so that consumers’ access to the timely and convenient services of professional health insurance producers is not jeopardized or inhibited.

NAHU also continues to advocate that Congress extend the annual open-enrollment period for beneficiaries considering all private Medicare products (both Medicare Advantage and Part D) from Nov. 15 – Dec. 31 each year to Oct. 1 – Dec. 31. Each year, millions of Medicare beneficiaries are asked to review their health insurance benefit options during a very brief window of time, which can invite pressured sales tactics. Compounding this problem is the fact that the current open-enrollment period coincides with the holiday season, as well as the fact that many Medicare beneficiaries maintain second residences and spend the colder months of November and December in warmer climates (so-called “snowbirds”), making them less able to see an agent or plan representative at this time of year. Establishing a longer open-enrollment period that begins earlier in the year would make the open enrollment process easier on both beneficiaries and those providing them with enrollment support. CMS allows plan marketing materials to be made available to beneficiaries as early as October 1, and encourages Medicare beneficiaries and their insurance producers to complete the process as early as possible. Congress could extend the open-enrollment window in order to allow beneficiaries more time to make informed decisions and, in general, provide them with a less pressured environment.