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Seniors Defend Targeted Health Plan; Obama Says Medicare Advantage Subsidy Is Wasteful Boon To Insurers

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HEADLINE: Seniors defend targeted health plan; Obama says Medicare Advantage subsidy is wasteful boon to insurers

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WASHINGTON -- One of the largest spending cuts Congress could rely on to pay for an overhaul of the nation's health care system comes from a Medicare program President Obama has called a "wasteful" subsidy for the health **insurance** industry.

Don't tell that to cancer survivor Maurice Engleman, 82, who says the controversial Medicare Advantage program -- which allows seniors to buy Medicare coverage through private **insurance** companies -- helped him beat cancer.

"There was a seamless link between the medical support and the emotional support," said Engleman, who was diagnosed with tongue cancer last year within a week of his wife's death. "I don't believe Medicare would have taken care of the kind of services I required."

Debate over Medicare Advantage, which has 10.2 million enrollees -- about one-fifth of all Medicare participants -- illustrates a broader struggle Congress and Obama face as they look for ways to pay for a \$1 trillion overhaul of health care without raising taxes on the middle class or compromising care.

It has raised concerns among some seniors who might have to pay more for the program or enroll in regular Medicare instead. A Gallup Poll last week found 20% of Americans older than 65 say an overhaul will improve their health care -- the lowest showing of three age groups.

Medicare Advantage has its roots in the 1970s but was bolstered in 2003 in hopes that private companies could manage Medicare patients more efficiently. Partly because it often has lower out-of-pocket costs than traditional Medicare, enrollment has nearly doubled over six years, according to a Kaiser Family Foundation report.

Critics, including Obama, say the plans offer lower premiums because **insurance** companies are subsidized by taxpayers at a rate 14% higher per patient than regular Medicare. Lawmakers initially set a higher reimbursement rate to draw private insurers into the program. The non-partisan Congressional Budget Office says eliminating the disparity would save \$150 billion over 10 years.

At a recent virtual town hall meeting intended to quell seniors' concerns, Obama said the cuts would not affect care. He said the Medicare Advantage program amounted to "giveaways that boost **insurance** company profits but don't make you any healthier."

Congress is considering changing the reimbursement formula or, as Obama has proposed, increasing competition when private insurers bid for Medicare business.

"We're overpaying plans that were basically promising greater competition," said David Certner, legislative policy director for AARP, which supports cutting the added payment to Medicare Advantage. "It's not sustainable."

Engleman, who came to Washington last month to press lawmakers on the issue, is enrolled in a Southern California medical group called Desert Oasis Healthcare. The group, he said, uses case managers who check on patients to coordinate care and reduce hospital readmissions.

Robert Zirkelbach, a spokesman for America's Health **Insurance** Plans, the **insurance** trade group, said seniors in the plans receive checkups and vision and drug coverage not offered in traditional Medicare. Some get free gym memberships.

Cuts could lead to a "reduction in benefits and higher premiums," he said.

There are also downsides for seniors in the plans, said Judith Stein, executive director of the Center for Medicare Advocacy, a private, non-profit group. Enrollees are often required to visit in-network physicians. If they get sick away from home, care may not be covered.

"I would not let my mother join a private plan," she said.

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