

Opening Statement of Ranking Member Morgan Griffith
Subcommittee on Oversight & Investigations Hearing
“Protecting America’s Seniors: Oversight of Private Sector Medicare
Advantage Plans”
June 28, 2022
As Prepared for Delivery

Thank you, Chair DeGette, for holding this hearing. We welcome the opportunity to review the Medicare Advantage program so that this program may continue to serve Medicare beneficiaries and taxpayers alike.

Medicare Advantage is a private-plan alternative to Medicare fee-for-service. Medicare pays Medicare Advantage plans a monthly capitated amount per beneficiary, and this amount is adjusted based on a beneficiary’s health status.

Millions of our constituents depend on Medicare Advantage to provide comprehensive and affordable health care as they age. A constituent enrolled in a Medicare Advantage plan continues to pay a Medicare Part B premium and may pay an additional premium for Medicare Advantage. The insurer determines the Medicare Advantage premium, which can vary from one Medicare Advantage plan to another. Some Medicare Advantage plans have premiums as low as zero dollars.

Medicare Advantage offers a range of services to enrollees. This includes care coordination, disease management programs, out-of-pocket spending limits

and access to community-based programs. Further, these plans offer supplemental benefits—such as vision, dental, prescription drug coverage, telehealth services, and fitness benefits. In 2022, the average Medicare Advantage plan enrollee has access to nearly 2,000 dollars in extra benefits annually that Medicare fee-for-service enrollees cannot access without purchasing additional health insurance coverage. This comprehensive care helps improve health care for seniors by offering of individually targeted programs to prevent falls, transportation to primary care visits, and in-home nursing visits.

Medicare Advantage enrollment has grown steadily over the past decade. In 2003 there were 5 million people enrolled in Medicare Advantage.¹ Fast forward to 2022, when there are 28 million people enrolled.² That means that 45 percent of all Medicare beneficiaries were enrolled in Medicare Advantage plans.³

The growth rate of enrollment in the Medicare Advantage program speaks for itself. If this trend continues, the Congressional Budget Office estimates that 51 percent of eligible Medicare beneficiaries will be enrolled in Medicare Advantage plans by 2030.⁴ Medicare Advantage's success and increasing popularity can be traced directly to its critical features, which distinguish the

¹ <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2021-enrollment-update-and-key-trends/>.

² *Id.*

³ *Id.*

⁴ *Id.*

program from the antiquated fee-for-service structure. Medicare patients who choose Medicare Advantage are able to cap their personal financial liability and enjoy a wide range of supplemental and personalized benefits in exchange for some utilization management and network controls.

The Medicare Advantage program was built with foundational tools to not only provide quality care, but also provide that care at a lower cost. For example, the Medicare Advantage program uses a benchmark and bidding system to induce plans to provide benefits at lower costs.

Another tool is prior authorization, which can control costs and ensure the most cost-effective, clinically appropriate treatment is provided to enrollees. This tool can help reduce inappropriate service use. Additionally, the risk-adjusted capitated payment structure creates a built-in incentive for health plans to coordinate with a patient's providers and communities to help beneficiaries become healthier and control costs. Conversely, in Medicare fee-for-service, there is a "pay for volume" system in which an unlimited number of services could be delivered without any incentive to find a good deal for patients or taxpayers.

In addition to these built-in tools, multiple entities provide oversight over the Medicare Advantage program, including the witnesses here today. Ultimately, however, the Centers for Medicare and Medicaid Services (CMS) oversees the

Medicare Advantage program. Multiple reports authored by the witnesses before us today include recommended actions for CMS to refine their methodology or operations in the Medicare Advantage program. It is a shame CMS did not agree to testify at this hearing to speak to the work the agency is doing to improve the program.

As Medicare Advantage takes on an even larger presence in the Medicare program, and as the Medicare Hospital Insurance Trust Fund is projected to be insolvent by 2028, it will continue to be important to assess how well Medicare's current payment methodology for Medicare Advantage is working to enhance efficiency and keep beneficiary costs and Medicare spending down.

I look forward to discussing the Medicare Advantage program with our witnesses here today to ensure program integrity so that our constituents continue to have access to comprehensive, affordable health coverages choices and benefits.

Thank you, I yield back.