

Thank you, Mr. Chairman, and to the committee for moving forward on this hearing today to highlight the significant threat facing the Medicare Advantage program.

In 2012 health care spending in the United States accounted for 17.2 percent of our nation's economic output, equal to \$8,915 per person¹. Mr. Chairman, these statistics tell me that for a country that has arguably the best health care in the world, we have yet to properly align patient and provider incentives so our health care system is cost-efficient, highly accessible, and, ultimately, achieves self-sustaining cost-containment with little need for government intervention.

More than 3.5 million Medicare beneficiaries reside in my home state of Florida. 1.2 million of these beneficiaries have chosen a Medicare Advantage plan over Medicare's traditional, and more costly, fee-for-service structure. In fact, since 2008 the state of Florida alone has seen a 30 percent increase in the number of Medicare Advantage plan beneficiaries², while currently, 30 percent of our nation's Medicare population have opted for a Medicare Advantage plan, serving as a clear testament to the high level of patient satisfaction the program has achieved.

Among the many satisfied Medicare Advantage plan beneficiaries in the state of Florida are Michael and Sandra Cox, two of my constituents from Lakeland. Michael and Sandra did what so many Medicare Advantage plan beneficiaries have done since January 1, 2014, writing in to their Members of Congress expressing a mix of anger, confusion, and panic at the senseless cuts that have been made to this effective program. Sandra and Michael wrote, "Please explain the logic of the Obamacare cuts to Medicare Advantage; my husband and I have never experienced such a high level of satisfaction with our health coverage as we have with our [Medicare Advantage] plan, and all with a much cheaper monthly premium..." Unfortunately, Michael and Sandra learned on January 1st that the doctors that they had been seeing for more than 10 years were no longer covered by Medicare Advantage as a result of the continued cuts to the program. As such, they would face the full out-of-pocket cost should they choose to continue seeing the provider that had come to know them, and their health status, so well.

Mr. Chairman, was it not the Administration's goal to ensure patients develop a relationship with their provider, which would lead to better prevention, and a more consistent continuum of care? Unfortunately, these cuts to Medicare Advantage, like so many other actions by this administration against the health care system, are contradictory to the purported message. Even more baffling, these cuts have already crippled innovative programs, like home health visits, instituted by Medicare Advantage plan sponsors to ensure our seniors are able to maximize the value of health care services they receive. Going forward, cuts of this magnitude will devastate medical innovation in areas, like telehealth, that show great promise for increasing efficiency and cost-containment in Medicare Advantage, and the health care system at large.

Overall health care spending and utilization habits are a critical threat to America's declining fiscal health. If we are to successfully curb health care costs, we must preserve and enhance the Medicare Advantage program because of its proven ability to achieve cost-efficiency, while maximizing patient access to high-quality health services and providers. To be more specific, data collected between 2003 and 2009 showed service utilization rates in areas like emergency department use and ambulatory surgery were 20-30 percent lower among Medicare Advantage beneficiaries than traditional Medicare³.

Over-utilization of health care services, however, is only one facet of health care cost growth tempered by the Medicare Advantage plan structure. Although the current administration has tried to discredit the power of market competition in creating organic, self-sustaining incentives for patients, providers, and insurers alike, the facts always prevail. Artificial market controls put in place by the federal government lead to more out of control health spending, as we have seen time and again. As far back as 1995 health economists have shown that combining coverage like that offered by Medicare Advantage, with appropriate patient incentives, leads to an avoidance of excessive doctor visits and tests, as well as more engaged patients seeking the best value for the health care service they need⁴.

In this same vein, I was very proud to introduce H.R. 4180, the Preserving Health Savings Accounts (HSA) for Medicare Beneficiaries Act, which would follow this consistently proven economic strategy for reducing health care costs across the spectrum. My legislation would incentivize younger Americans to establish Health Savings Accounts (HSA) with the promise that upon Medicare eligibility they are able to transfer HSA funds into a Medicare Medical Savings Account (MMSA). Simple enhancements, like this one, will help both Medicare Advantage and the entire health care system achieve organic alignment between insurers, patients, and providers, creating a powerful, self-sustaining cost-containment tool.

Patients have more control over health care dollars, increasing awareness of reasonable health service costs and quality options, while also actively engaging providers to offer the highest quality service at the lowest reasonable cost in order to earn patient's business.

Mr. Chairman, this is what value in health care looks like; unfortunately, through continued cuts to the Medicare Advantage program, this administration will eliminate any possibility we currently have to build upon the Medicare Advantage program's success in curbing health care cost growth.

¹ Centers for Medicare and Medicaid Services, 2012 National Health Expenditures, available online at: <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/highlights.pdf>

² Kaiser Family Foundation, State Health Facts; <http://kff.org/medicare/state-indicator/total-medicare-beneficiaries/?state=FL>

³ Bruce E. Landon, Alan M. Zaslavsky, Robert C. Saunders, L. Gregory Pawlson, Joseph P. Newhouse and John Z. Ayanian. Analysis Of Medicare Advantage HMOs Compared With Traditional Medicare Shows Lower Use Of Many Services During 2003–09 *Health Affairs*, 31, no.12 (2012): 2609-2617

⁴ National Center for Policy Analysis, Saving the Medicare System with Medical Savings Accounts; Policy report No.199, available at: <http://heartland.org/sites/default/files/st199.pdf>