

**STATEMENT OF
THE HONORABLE JACKIE WALORSKI
INDIANA'S SECOND DISTRICT
BEFORE THE
SUBCOMMITTEE ON HEALTH
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES**

MARCH 13, 2014

Chairman Upton, Ranking Member Waxman, Subcommittee Chairman Pitts, Ranking Member Pallone and Members of the Subcommittee, it's an honor to be here today. Thank you for holding this hearing to examine Medicare Advantage, a vital program that is critical to the health and well-being of many of our nation's seniors.

Over 15 million Americans depend on their Medicare Advantage plans.¹ Through this popular program, seniors and individuals with disabilities are able to pick the private health plan of their choice that provides comprehensive coverage, disease management, care coordination, and caps on out-of-pocket health spending.

The Affordable Care Act and subsequent regulatory changes have placed significant and sustained financial pressures on the program, the brunt of which will be borne by those seniors we have promised to care for. These cuts to Medicare Advantage will mean higher out-of-pocket costs, a more limited choice of doctors, decreased management of chronic conditions and decreased coverage for dental and vision services.

¹ Centers for Medicare & Medicaid Services, Medicare Advantage/Part D Contract and Enrollment Data, February 2014, available at: <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAAdvPartDENrolData/index.html?redirect=/MCRAAdvPartDENrolData/MCESR/list.asp>.

In my state of Indiana, 22 percent of Medicare-eligible Hoosiers have chosen to enroll in Medicare Advantage, and enrollment in my district is even higher, at 27 percent.² This program serves my constituents well, and I am deeply concerned about what cuts mean for seniors in the Hoosier state.

Marcia from Mishawaka, Indiana told me that she is very pleased with her Medicare Advantage plan. She likes the explanation of benefits in addition to the quality and service of the prescription drug program that is included. She is worried about looming cuts because she wants to keep her current doctor and does not want to have to look for another. As a senior citizen living on a fixed income, it is important that her premiums remain low. She wonders who will take care of seniors if these cuts continue.

Another constituent of mine named Ron is celebrating his 79th birthday this week and is very happy with Medicare Advantage. He told me the program helps with his dental care and pays for things that regular Medicare does not cover. Although the premiums are higher than before, he wants to stay with his current plan. Being able to choose a plan that fits his needs is very important to Ron, and he is not sure he will have that choice in the future.

Eighty-seven-year-old Phyllis and her 93-year-old husband Owen like the peace of mind of knowing they are going to receive excellent care through their current health plan. Back in June, Phyllis fell and broke her hip. She was promptly picked up by an ambulance, admitted to surgery, and received excellent follow-up care in rehab. She did not receive any bill from the surgeon because her Medicare Advantage plan took care of the costs. Owen had a pacemaker inserted last year, which was also taken care of by his Medicare Advantage plan. Originally there was no premium for their plan. Now they pay \$34 a month. Although it may not seem like

² Centers for Medicare & Medicaid Services, Research, Statistics, Data & Systems, February 2014, available at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Research-Statistics-Data-and-Systems.html>.

much, they do not want their premiums to increase further. At their age and on a limited income it is very important that they have dependable, affordable health care, and Phyllis told me if their premiums become too high they will have to cut back on other necessities. Phyllis and Owen never imagined that the Affordable Care Act would negatively impact them, especially when the President said that you can keep your health plan if you like it – but now their plan is in jeopardy, too.

Medicare Advantage plans are particularly critical to low-income, and minority beneficiaries.³ According to a study by America's Health Insurance Plans (AHIP), 1 in 5 of those enrolled in Medicare advantage are minorities. Forty-one percent of enrollees have annual incomes of less than \$20,000. Cuts to the program have the potential to disproportionality affect these populations.

That is the reason why I introduced H.R. 4211, the “Advantage of Medicare Advantage for Minorities and Low-Income Seniors Act of 2014.” This legislation directs the Government Accountability Office to study the number of minority and low-income seniors enrolled in Medicare Advantage, and to assess the impacts of Medicare Advantage payment reductions resulting from the Affordable Care Act and other administrative actions.

Studies show that enrollees in Medicare Advantage have lower hospital readmissions, receive higher quality care, and enjoy better health outcomes as compared to their counterparts in traditional Fee-for-Service Medicare.^{4,5} Medicare Advantage serves as a vital source of coverage for low-income and minority beneficiaries.³ On behalf of my constituents in the

³ “Low-Income & Minority Beneficiaries in Medicare Advantage Plans, 2011,” by AHIP’s Center for Policy and Research, February 2013, available at: <http://www.medicarechoices.org/pdf/LowIncomeMinorityBenMA2011.pdf>.

⁴ Lemieux, J., Sennett, C., Wang, R., Mulligan, T. and Bumbaugh, J. 2012. Hospital readmission rates in Medicare Advantage plans. *The American journal of managed care*, 18 (2), 96-104.

⁵ Ayanian, J. Z., L. On, B. E., Zaslavsky, A. M., Saunders, R. C., Pawlson, L. G. and Newhouse, J. P. 2013. Medicare beneficiaries more likely to receive appropriate ambulatory services in HMOs than in traditional Medicare. *Health Affairs*, 32 (7), 1228-1235.

Second District and all Hoosiers, I look forward to working with both Congress and the Administration to keep the promise to maintain the integrity of Medicare Advantage. Thank you again for the opportunity to appear before you this morning.