



Despite a \$16 billion payment increase on top of continued massive overpayments, Medicare Advantage plans ask taxpayers and beneficiaries to pay even more.

Seniors and people with disabilities deserve affordable, high-quality health coverage choices. But some Medicare Advantage (MA) plans are abusing Medicare's payment system to overcharge taxpayers for the coverage they provide. With health care costs skyrocketing year after year, we need to hold MA plans accountable. Plans are paid about \$500 billion annually¹, financed in part through premiums paid by elderly and disabled beneficiaries.

What's the problem?

Overpayments, abuse, and fraud.

MA is an important and, increasingly, popular option for Medicare beneficiaries. But the evidence is clear that *MA plans are overpaid*² in large part due to abusive and in some cases *fraudulent billing practices*³ that have been well documented.

What's at stake?

Program integrity and sustainability.

Abuse and waste within the MA program erode its integrity and fiscal sustainability while costing Medicare beneficiaries and taxpayers billions of dollars every year.

\$50B

⁴What overpayments to MA are projected to cost beneficiaries and taxpayers in 2024 from coding practices alone.

\$13B

⁵How much more all Medicare beneficiaries will pay in premiums in 2024 due to total MA overpayments.

>30M

⁶The number of people currently enrolled in MA plans, just over half of Medicare beneficiaries.

Equity and quality of care.

Fewer high-quality MA plans are offered to communities of color – with quality ratings *falling below the national average*⁷ in counties with the highest Black populations. At the same time, these populations are more likely to *disenroll*⁸ from MA plans and go back to traditional Medicare, which indicates potential issues with access, quality, and cost.

What can be done?

Larger scale reforms.

CMS' risk adjustment changes from last year will reduce the effect of abusive coding practices employed by insurance companies and save **\$7 billion for taxpayers**⁹ and the Medicare Trust fund in 2024.

- Increase the coding intensity adjustment to fully account for plans' upcoding, using an approach that targets the largest reductions to plans with the highest upcoding;
- Limit use of information from health risk assessments and chart reviews which account for approximately half of the coding overpayments to plans.

Follow the evidence.

Industry claims are misleading.

While MA plans complain about the impact of reforms and increases in utilization, the fact is they will receive an estimated payment increase of **3.7% - or \$16 billion**¹⁰ next year, while continuing to get away with tens of billions in overpayments. MA plans have gross margins averaging **\$1,730 per enrollee**¹¹, at least **double the margins** reported by insurers in other health care markets.

The MA market continues to be stable, offer generous benefits to enrollees, and be highly profitable for insurers. Even with lower payment increases, experience and evidence suggests there is considerable room for MA plans to reduce costs and still earn significant profits rather than cutting benefits for seniors.

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