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TO: Members of the Senate Committee on Finance

FROM: Charles Storrow, Leonine Public Affairs, LLP, on behalf of MVP Health Care

SUBJECT: S.239 (*An act relating to enrollment in Medicare supplemental insurance policies*)

DATE: March 15, 2022

The purpose of this memorandum is to share MVP Health Care's thoughts on S.239. MVP provides health coverage to more than 40,000 Vermonters through the fully insured individual, small group, and large group markets, as well as through Medicare Advantage plans. It also provides health insurance benefits to approximately 700,000 residents of New York. MVP's thoughts on S.239 are as follows:

- MVP does not sell Medicare Supplement (“Medigap”) plans, so it does not have a position on the changes outlined in the bill concerning enrollment in Medicare Supplement plans.
- However, there was considerable discussion about both Medicare Supplement and Medicare Advantage in the Senate Health & Welfare Committee, and Section 2 of the bill would direct a DFR led study of Medicare Supplement and Medicare Advantage.
- MVP has a long history of serving the Medicare Advantage program, and—like lawmakers—thinks it’s important to ensure that seniors are accessing high-quality Medicare coverage that meets their health care and financial needs. In line with this, it’s important for seniors to understand different coverage options, including pros and cons of each.
- A study would help increase education and awareness in Vermont about the different Medicare programs available to Vermont seniors. We would suggest, however, that the study language be broadened to also include Original Medicare, as it’s important to understand the entire Medicare landscape for seniors.
- MVP would like to make some points regarding some of the comments and questions raised in the Senate Health & Welfare Committee hearing, as follows:
  - Medicare Advantage is Medicare. It’s a CMS-led program that gives seniors choices about coverage options. Original Medicare covers inpatient hospital care (Part A), and physician services subject to a monthly premium (Part B). When seniors enroll in a Medicare Advantage plan, they access their Medicare benefits in a simplified way

through a managed care organization. Medicare Advantage coverage includes everything covered under Medicare Part A and B, as well as other benefits like prescription drugs (Part D), dental, vision, meal delivery and other services not covered by Original Medicare. So, Medicare Advantage covers everything that Medicare does, plus additional benefits, in a coordinated fashion. Original Medicare enrollees have to navigate Part A, enroll in Part B and Part D, and—if they can afford it—enroll in Medicare Supplement to ensure their needs are met. This is fractured and complex. Enrollees also receive no care coordination or personalized support in Original Medicare.

- MVP’s Medicare Advantage members are consistently its most satisfied, subscribers and in parts of MVP’s geographic footprint there are higher percentage of enrollees in Medicare Advantage than Original Medicare. In short, seniors seek more expansive Medicare coverage through a local, community partner they know and trust. MVP helps its members navigate a fragmented health care system by coordinating care, assigning care managers, and providing a level of customer service that is simply not available in Original Medicare. The launch of the UVM Health Network-MVP Medicare Advantage product focuses on and delivers this community-centric approach for Vermonters. MVP surveyed Vermonters on their needs and issues, and the product and service offerings are tailored to Vermonters.
- Original Medicare has significant limitations. As mentioned, it does not cover prescription drugs, dental, and vision. It imposes a 20% coinsurance on services, and—unlike Medicare Advantage—doesn’t cap out-of-pocket expenses. Low-income seniors, and seniors with high health care needs are at significant financial risk under original Medicare. Absent the additional purchase of a Medicare Supplement Plan (that builds on the coverage of Original Medicare), or an all-inclusive Medicare Advantage plan – these seniors could face thousands of dollars in out-of-pocket costs per year.
- There is broad bipartisan support for Medicare Advantage nationally, and the program continues to grow. The program is a great example of a public-private partnership. The Medicare program sets the rules and benefits, and Medicare Advantage plans are incentivized to compete on customer service, additional benefits, and care management. Medicare Advantage plans are also financially rewarded for delivering on high quality care and outcomes. Medicare Advantage is a good example of value-based care.
- Medicare Advantage does not “cherry pick” healthier enrollees away from Original Medicare. In fact, the added benefits, and financial protections available under MA better serve patients with complex health care needs. This is reflected in data, with Medicare Advantage serving a more costly and diverse set of enrollees than Original Medicare.
- Unlike in Medicare Supplement, Medicare Advantage plans are guaranteed issue, and there is no underwriting for health care risks. The Medicare Advantage program includes risk adjustment, which effectively neutralizes any incentives to avoid enrollment of seniors with higher health care needs. Further, premiums paid by the federal government to Medicare Advantage plans are tied to the costs associated with the original Medicare

program. This is all adjusted on the back end as part of the reimbursement formulas by the federal government to maintain program integrity.

- When seniors enroll in an Medicare Advantage plan, they are given a second window to change plans if they find that the product they chose doesn't meet their needs. Further, they are eligible to re-enroll in Original Medicare each year. They are not "locked in" from moving between Medicare Advantage and Original Medicare, and some of the penalties associated with Medigap policies are not applicable to Medicare Advantage plans.
- MA also has very strict marketing and enrollment rules that are enforced by the CMS. All MA marketing material, for example, must be approved by CMS. During the SHW hearing, a number of examples were cited surrounding MA advertisements featuring retired professional athletes. In fact, these specific commercials are not for MA products, but for Medigap plans being marketed by third-party brokers. This is an important distinction to understand.