



## Four Ways Medicare Advantage is ripping you off

**“We overpay or they’re allowed to be overpaid by at least \$140 billion.... and that’s just the legal things. That’s not looking at fraud and abuse.” Dr. Ed Weisbart**

*911. What's your emergency?*

*America's healthcare system is broken and people are dying.*

Welcome to **Code WACK!**, where we shine a light on America's callous healthcare system, how it hurts us and what we can do about it. I'm your host **Brenda Gazzar**.

*(music)*

This time on **Code WACK! Medicare Advantage** is overcharging the federal government – and you won’t believe by how much! How’s this affecting taxpayers like you and me and what can be done about this? To find out, we spoke to **Dr. Ed Weisbart**, the national board secretary for **Physicians for a National Health Program** and president of the **Consumers Council of Missouri**.

***Welcome back to Code WACK! Dr. Weisbart.***

**Weisbart:** Thanks, Brenda. How nice to see you again.

***Q: So it's Medicare open enrollment where people age 65 and older, and those with certain disabilities, are deciding whether they want traditional Medicare or Medicare Advantage. Today over half of Medicare beneficiaries have Medicare Advantage. What are a couple of key differences between these two programs for consumers?***

**Weisbart:** So Medicare is the program that, you know, we know and love started in 1965. It covers your hospital stuff, it covers your doctor stuff. If you buy Part B and it's traditional. We've had it for forever, and it's seamless. They never say no, they never get in your way. You can go to almost any doctor in the country and there's nobody trying to make a profit off of it. They operate with like a 2% overhead. It's a terrific program.

Medicare Advantage is really neither Medicare nor an advantage. So instead of having the Medicare program just pay for your doctors and hospitals for you, instead of that, now, Medicare prepays insurance companies, like the insurance companies that do most of the employer kind of health care. So they prepay the insurance companies for every person that's in there.

***Pre-paid? Lucky them.***

**Weisbart:** And of course, you know, once the insurance companies are prepaid for you, they don't want to let go of that money. It's in their bank account. They want to, they want to keep it.... So they have all sorts of games to kind of get in the way. They keep you from going to certain doctors and hospitals. They delay paying for your care, even just stand in the way for a week or two of being able to get care. That's money that's still in their bank that they can make a profit off of.

So they don't want you to go get care, and they don't want you to get it quickly, and they want you to go to the places that they pick.

***And so that's different from Traditional Medicare...***

**Weisbart:** Medicare Advantage is completely different from Medicare. The only real advantage to Medicare Advantage is if you're the CEO, you know, or the shareholders, the investment companies. I mean, nobody looks at Medicare and says, 'gee, you know, what we really need are more bankers involved' and that's what you get with Medicare Advantage.

***Q: And yet, more and more seniors are getting Medicare Advantage. Why is that?***

**Weisbart:** It's not because it's any better, so it's cheaper on the front end. What people don't really realize is that although it may be cheaper initially, it's not a lot

cheaper and then they have somebody saying, 'no, you can't get the health care you want.'

So people in Medicare Advantage actually have more trouble accessing health care than people in good old traditional Medicare. People in Medicare Advantage have longer delays. Actually a new study came out recently that shows people in Medicare Advantage don't go to the better hospitals as often. They have a longer time getting diagnosed. They have a longer time getting treated once they're diagnosed with cancer, and they actually have higher death rates postoperatively if they have cancer surgery.

So, you know, you're kind of taking a gamble when you're going into Medicare Advantage. You're gambling that spending a bit less money up front on premiums isn't going to kill you. And sadly there's evidence that it just might so it's not a good choice.

***Q: I see. So the single-payer advocacy group Physicians for a National Health program recently released a bombshell report about Medicare Advantage overcharging titled "Our Payments, Their Profits: Quantifying Overpayments in the Medicare Advantage Program." What were the key findings of this report?***

**Weisbart:** The bottom line is that we overpay or they're allowed to be overpaid by at least \$140 billion.

***Q: \$140 billion?***

**Weisbart:** I think the analysis is fair to say \$140 billion and that's just looking at the legal things. That's not looking at fraud and abuse. That's just looking at what's legal. So I said \$140 billion a year. It's so hard to figure out. Is that a big number? You know, everybody in Medicare - just about - has to pay a part B premium, right? We spend about \$170 out of pocket a month on our Part B premium so that we can get the Part B benefits, you know, go to the doctor and stuff.

But it usually comes out of your Social Security check... If you add up those \$170 a month across everybody in Medicare, it comes to \$131 billion. So we're spending \$131 billion on our Part B premiums, but the Medicare Advantage companies are getting \$140 billion in overpayments.

***Wow. So it sounds like the overpayments to Medicare Advantage plans could more than cover Medicare's Part B premiums for doctor visits, outpatient hospital services and other medical services.***

**Weisbart:** When I realized that that's how the numbers work out, that all of my premium dollars for Part B *and more* are being diverted into Medicare Advantage companies for no reason, for worse outcomes. So all of our money is going to them and that just makes me mad that that should be happening.

And that's one comparison to Part B premiums. You know, one of the things that is really troublesome in Medicare is the out-of-pocket costs. We have to pay 20% of our outpatient care. We have to pay, you know, \$1,600 for a hospitalization, and if you have to go to the doctor once a year, 20% of one visit is probably something most can afford.

But if you're sick and that's why you have insurance and you have to go to a doctor once a month or once a week or two or three times a week, 20% of that is bankruptcy town and there's no limit on that or \$1,600 for a hospital stay, that's already stuff that you need to take a loan out for and if you have to be hospitalized two or three times a year... So because of that, it's a problem that Medicare doesn't have a limit on how much those out-of-pocket costs can go to and this is directly relevant to our study because we found an analysis from the Urban Institute that looked at what would it cost to change Medicare and limit it so that nobody has to spend more than \$5,000 out of pocket – \$5,000's still a lot, but it's way the heck better than 20% of everything, you know?

***Q: Interesting. And how much would it cost Medicare to implement a \$5,000 out-of-pocket maximum for people?***

**Weisbart:** \$39 billion dollars.... So if we weren't squandering our money, if the Medicare Advantage companies weren't allowed to pilfer our money, we could do that.

Or the last piece, and then I'll, you know, stop my little tirade here is if you look at the things that people also really want, they want dental insurance, right? They want hearing, they want vision. If you add that up, it comes up to, for everybody in Medicare and Medicaid together, it comes up to about \$80 billion a year, \$80 billion.

So that's less, way less than what we give away to the Medicare Advantage companies.

In other words, we could have really nice things here. We could afford to have really good health insurance through the Medicare program and make it available to everybody in the country, but we have to stop the bleeding. You know, we have to stop letting these Medicare Advantage companies drain our funds, take it

directly out of us. That's not right. We shouldn't be doing that. They're giving us worse health care and we're not getting anything for it.

***Q: So you're saying Medicare could have a \$5,000 annual out-of-pocket cap, plus cover dental, vision and hearing for about what we're paying the Medicare Advantage companies?***

**Weisbart:** Yeah, we could fix all the things that are wrong with Medicare if we would just stop letting the Medicare Advantage corporations rip us off like this.

***Q: Wow. So what are some of the ways that Medicare Advantage is grossly overpaid for the care and services it provides to beneficiaries?***

**Weisbart:** Yeah, it comes down to four main ways.

The first is the way that's sort of gotten the most attention, which is called upcoding. Upcoding means that they're paid for the average person and then they get actually paid more if you're sick. So Medicare Advantage companies long ago came to Congress and said, 'Hey, you know, we have these really sick patients, you know, we deserve to be paid more than the average.'

So yeah, Medicare put in a program that said if your people are sicker, then we will pay you more and so it seemed to make sense. You know, maybe that makes a lot of sense, I don't know. But it created this opportunity for the Medicare Advantage companies to pretend you're sicker so they'll send a nurse out to your house once to pick up diagnoses that your doctor didn't think was clinically important.

They won't send you out for home care, you know, you're less likely to get home care, but they will send somebody to your house to get extra codes. They will very seriously pressure physicians to add diagnoses that are not of any real medical purpose so they can submit their claims to Medicare and say, 'see how sick people are here? And it's really just not true. That's called upcoding. And that one piece is pretty significant. That one piece is worth \$20 billion. They're overpaid by 5% just for that one piece and that's actually the smallest of the ways.

A second way that they get overpaid is what's called favorable selection, which is, as I said, they're paid on the average with that little quirk of upcoding, but they're paid on the average, but they don't want you if you're actually sick. So they have these ways of attracting healthier people, and it's called favorable selection by attracting healthier people in all the ways I started to hint at. That gets them another \$44 (billion) to \$56 billion extra.

So that's two key ways.

***Q: So we've got upcoding and favorable selection. What are the other two ways?***

**Weisbart:** And then the third way is a whole series of weird sort of benchmarks and bonuses that they have. And there's a lot of those. But one in particular, I'll just point out, 'cause it just really kind of is outrageous. They're paid more, if they hit these quality targets, right? If it's a better Medicare Advantage company, they'll get paid more. That makes sense, except that the measurements of getting paid more don't have anything to do with death rates and mortality rates and, and denials and delays in care. They're kind of goofy things that aren't that important.

And most interestingly, when a new Medicare Advantage company enters, they're paid assuming that they're going to be high quality, and even without any data at all, they're given a three and half percent bonus for high quality when they haven't done that yet.

So anyway, if you add all these crazy extra bonuses and benchmarks, that's another \$24 (billion) to \$28 billion. So \$20 billion on the upcoding, \$44 (billion) to \$56 (billion) on the favorable selection, \$24 (billion) to \$28 billion on the quality benchmarks and the quality bonuses and stuff that I'm talking about, if you add just those three factors together, you get to \$88 (billion) to \$104 billion that they're overpaid.

And then there's a fourth way, which is a little bit trickier. So we pay the Medicare Advantage companies as if they eliminate the financial barriers to care and as if therefore people could use health care more. But that's not the case. They are not, they do not eliminate that.

In fact, we know the people in Medicare Advantage have more financial barriers to care than do people in traditional Medicare, but they're paid as if they've eliminated them. That's called induced utilization.

And that's another 9%, and that's \$36 billion more. So if you add up the \$44 billion to \$56 billion from the favorable selection and the \$20 billion from upcoding and the \$24 to \$28 billion from these benchmarks, and the \$36 billion from induced utilization, that's \$124 to \$140 billion.

And I think that's very conservative and then, like I said, that doesn't even begin to count the fraud and abuse and the illegal things that they do. So it's a lot of money and it's a lot of games. They've created an industry around maximizing how much they get out of each one of these games.

***Q: What is the impact of these insurance company overcharges on taxpayers and Medicare beneficiaries, and why should we all be concerned about this?***

**Weisbart:** And so here we are wasting, as I say, probably around \$140 billion a year of our taxes ... going to healthcare companies that actually make health care worse, not better.

So it's a terrible impact on the taxes which we could fix. It's interesting to note that Senators (Jeff) Cassidy and (Bill) Merkley, I believe, have submitted a bill called the No Upcoding Act, which would actually not deal with the \$140 billion. It would deal with just the one that I was mentioning, the upcoding piece, which was about \$20 billion.

If that bill that's in the Senate got traction it would at least deal with that one piece. And that is actually like I told you four factors, and that was the smallest of the four factors. But if that bill got passed and became part of law, it would start the trend of reversing the tide of these overpayments. So I think, you know, the bill's imperfect. It's not anywhere near as strong as I would like it to be, but it's still pretty darn good and it's interesting to note that it's sponsored by Senator (Jeff) Merkley, who is a Democrat and Senator (Bill) Cassidy, who's a Republican.

So it's literally got bipartisan appeal, and it's not by an accident. The reason for that is because, frankly, you know, our fractured political landscape agrees in general that we don't like wasting money, you know. This upcoding is a game that should not be allowed to steal our Medicare funds. So I think there's hope for it.

***Thank you, Dr. Ed Weisbart of Physicians for a National Health Program. Stay tuned for next time when we continue our discussion with Dr. Weisbart about Medicare Advantage overcharges and what can be done about them.***

***Do you have a personal story you'd like to share about our 'wack' healthcare system? Contact us through our website at [heal-ca.org](http://heal-ca.org).***

***And don't forget to subscribe to Code WACK! wherever you find your podcasts. You can also find us on [ProgressiveVoices.com](http://ProgressiveVoices.com) and on Nurse Talk Media.***

***Code WACK!'s powered by HEAL California, uplifting the voices of those fighting for healthcare reform around the country. I'm Brenda Gazzar.***