

Senate Finance Committee Hearing Addresses Medicare Advantage Plan Marketing Abuses

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Despite steps taken by [CMS](#) over the past year, Medicare Advantage plans continue to engage in aggressive marketing practices, according to witnesses at a [Senate Finance Committee](#) hearing on Thursday, [CQ HealthBeat](#) reports. Witnesses recommended that Congress give states joint authority with the federal government to regulate marketing tactics used by health insurers. Finance Committee Chair Max Baucus (D-Mont.) after the hearing said he would push for such a move in broad Medicare legislation later this year, although the Bush administration likely would oppose such a move, according to [CQ HealthBeat](#).

[Illinois Division of Insurance](#) Director Michael McRaith, who was speaking on behalf of the [National Association of Insurance Commissioners](#), listed several marketing practices he says are used to take advantage of seniors. He said that agents "pressure beneficiaries to enroll into inappropriate or unsuitable plans" and get them to "enroll into Medicare Advantage plans without fully understanding that enrollment would lead to the loss of traditional Medicare and Medigap plans." McRaith also said that beneficiaries are misled about what their out-of-pocket costs will be and about whether their physicians are in the networks of the plans being pitched. Another tactic McRaith said agents use is "cross-selling," in which agents develop a relationship with a beneficiary through marketing a Medicare prescription drug benefit plan and then use that relationship to "sell the senior an unrelated and often unsuitable product," such as an MA plan or life insurance.

Patrick O'Toole -- vice president of Medicare sales at [Humana](#), which is one of the largest MA plan providers -- said that the company has cut back on outside sales agents and let go of almost 150 agents for violating marketing procedures. In addition, he said that last year [America's Health Insurance Plans](#), the industry's trade group, adopted a set of guidelines to prevent aggressive marketing to seniors. CMS also instituted regulations to prevent such practices, such as requiring insurers to call beneficiaries after enrollment in an MA plan to ensure they understand the coverage and that it is not traditional Medicare. **The agency also started a "secret shopper" program to monitor sales pitches.**

McRaith said the results of CMS' new safeguards are "mixed." In response to a question from Sen. Ron Wyden (D-Ore.), McRaith said it is "absolutely correct" that marketing problems still continue. Baucus said, "There are too many problems and abuses. And it is not in just a few states. It is in most states." Sen. Chuck Grassley (R-Iowa) said, "A key question is whether CMS guidelines and enforcement action are enough to protect beneficiaries." According to Grassley, there "are some areas that CMS did not address" (Reichard, *CQ HealthBeat*, 2/7).

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