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As Govt. Watchdogs Continue to Highlight Medicare Advantage Problems, Federal Lawmakers and Officials Take Notice

The Medicare Payment Advisory Commission (MedPAC) continues to estimate that there is a substantial level of fraud, waste and abuse contributing to significant overspending in Medicare Advantage plans in its first official report of 2025.

Not only is this resulting in \$13 billion in higher premiums for seniors on all Medicare plans, but it is also resulting in 20% higher payments for Medicare Advantage (MA) plans than traditional fee-for-service Medicare plans, which translates to \$84 billion in higher spending in 2025 alone.

"The benefits from MA's higher spending relative to fee-for-service are subsidized by the taxpayers and beneficiaries who fund Medicare, and that increases fiscal strain on the program," said Paul Masi, Executive Director of MedPAC, in a media briefing on the report's release.

The report also drew scrutiny in senate confirmation hearings of Dr. Mehmet Oz. "We pay more for Medicare Advantage than we're paying for regular Medicare, so it's upside down," Oz said, responding to a question in his confirmation hearing. "And I think there are ways for us to look, for example, at the upcoding that's going on, that's happening systemically in MA systems, in many programs, to make sure that people are being appropriately paid for taking care of sick patients, but not for patients who aren't ill."

Senator Bill Cassidy (R-LA) announced he will soon be re-introducing the No UPCODE Act, in part in response to continued reports about nefarious upcoding practices by health insurance companies, including a U.S. Department of Justice investigation into such practices. The Wall Street Journal has done a series of articles drawing attention to these practices after a yearlong investigation into health insurers records.

Additionally, Congressman Greg Murphy, M.D. (R-NC), a member of the House Ways and Means Committee which has oversight of Medicare has also been sounding the alarm on the platform X and in media appearances, suggesting Congress could look at rooting out this form of waste, fraud and abuse in Medicare Advantage as it attempts to find savings to fund its reconciliation package.

WHA highlighted the growing excess that health care middlemen like insurers and pharmacy benefit managers are skimming off the health care system in a letter to Wisconsin's Congressional Delegation in advance of a House vote on its budget resolution in February looking to trim \$880 billion from programs the House Energy & Commerce Committee has jurisdiction over. In its letter, WHA highlighted a 2023 article from *The Economist* that found that the nine biggest health care middlemen including insurers and pharmacy benefit managers increased their combined revenue as a percent of America's health care spending from 25% in 2013 to an astounding 45% just nine years later. WHA's letter also pointed out MedPAC's 2024 report to Congress which had found Medicare Advantage plans costing 22% or \$83 billion more than traditional Medicare.