

Resolution 213

Payment Neutrality Between Medicare Advantage and Traditional Fee-for Service Medicare

This resolution basically asks that AMA lobby Washington to change the payment formula for Medicare Advantage Plans—PPOs and HMOs—so that they are more in line with Medicare Fee for Service plans.

When legislators passed the Balanced Budget Act of 1997 (BBA) and the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA), they changed the payment methods for Medicare HMO and other managed care plans and stated that they would be paid at 95% of Fee-for-service Medicare. This has not occurred.

The plans have not demonstrated the efficiencies in care which was promised, actually paying more for each beneficiary. Recent studies have shown that annual payment increases to Medicare managed care plans have resulted in their being paid at over 13% above traditional Medicare. These increases have become so large, in fact, that it is having an inverse effect—plans no longer need to be efficient.

The inflated payments for Medicare Managed Care only increases the burden on both taxpayers and beneficiaries, who must pay higher Part B premiums, whether they are in managed care or not. Furthermore, the contribute to undermining the long-term sustainability of the Medicare program