



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Chairman Chuck Grassley  
Hearing, "Medicare and Managed Care: Finding Successful Solutions"  
Tuesday, April 3, 2001

Today the Finance Committee takes a fresh look at the troubled relationship between Medicare and managed care and explores ways to improve it.

Ever since the 1970s, when Medicare began offering managed care to seniors, Congress has wrestled with making Medicare and managed care work better together, all the while with the goal of improving plan benefits and controlling high health care costs. Over time, managed care has proved to be a very popular alternative to traditional fee-for-service Medicare for many patients. Medicare beneficiaries often enroll in managed care options because these plans frequently offer benefits traditional Medicare does not, such as enhanced preventive services, prescription drugs, eye glasses, and hearing aids. Unlike fee-for-service, managed care plans also provide an integrated benefit package and coordinate care so that services can be administered more efficiently, which contains costs and improves the quality of care for the patient.

In 1997, Congress created the Medicare+Choice program, designed to expand health plans to markets where existing access was limited or non-existent and to offer new types of plans, in addition to controlling costs.

From the start, achieving the goals of the Medicare+Choice program has not been easy. The program's aim to control spending, combined with increased regulatory burdens and mismanagement of the program, have turned many managed care plans away from entering new markets or maintaining existing ones.

When managed care plans leave the Medicare+Choice program, seniors are forced to choose a new plan. This might mean giving up a favorite physician or paying higher premiums in another plan. If no other plans exist, as is often the case in rural communities, patients must return to traditional fee-for-service Medicare. This means that the benefits of a coordinated delivery of care and extra services that seniors need most are lost.

Rural America has been, and continues to be, hit hardest by lack of plan participation in the Medicare+Choice program. In my home state of Iowa, only one Medicare+Choice plan is offered in only one of the state's 99 counties. It serves just 2,099 patients in Pottawattamie County along the Missouri River, and can do so only because it also serves patients across the river in Omaha, Nebraska. I am pleased that Victor Turvey, Regional CEO of United Healthcare's Midwest Region, which operates the Iowa Medicare+Choice plan, is here today to speak about his experience marketing and maintaining a Medicare+Choice plan in a rural community.

Twice since 1997 Congress has listened to plans and listened to patients and stepped in to improve the Medicare+Choice program, but problems remain. Today's hearing aims to unearth

many of those problems and find successful solutions to them. We have joining us a panel of experts who understand the long and complex relationship between Medicare and managed care and who are prepared to discuss proposals for change. I thank all of you for your participation this morning.

After hearing today's testimony, I hope we will all be able to agree that the time is right to strengthen and improve Medicare+Choice from the ground up, not by applying one-time "fixes" or "givebacks" but by changing plan design, payment structures, and regulatory requirements. Doing so will preserve this important program for future generations and ensure that seniors have the kind of benefit options that millions of other Americans already enjoy today.