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MEMORANDUM

TO: Reporters and Editors
FR: Jill Kozeny, 202/224-1308
for U.S. Senator Chuck Grassley of Iowa
RE: Medicare Advantage sales and marketing practices
DA: Tuesday, March 4, 2008

Senator Chuck Grassley, Ranking Member of the Committee on Finance, issued the comment below following a meeting of committee members today with CEOs from nine major Medicare Advantage plans.

The meeting was called following a series of committee hearings this year that addressed abusive sales and marketing tactics by agents for some plans.

Senator Grassley has worked with Finance Committee Chairman Max Baucus to keep pressure on Medicare Advantage plans to respond with reforms. He has called on the Centers for Medicare and Medicaid Services to put forward meaningful requirements. Through industry self-correction, strong regulations and possible additional legislation, Senator Grassley said he wants to stop cold calls, where sales people call seniors out of the blue to get them to agree to allow an agent to come to their homes and pitch them on their company's Medicare Advantage plan. He is seeking restructured commissions so that agents don't put beneficiaries into a new product every year. He has called for better training so that agents know more about their products. And he has called for the elimination of cross-selling of non-health insurance products and disclosure by agents when they switch to selling a more comprehensive product than the one first presented during a sales call.

Senator Grassley's comment:

"We're trying to protect seniors from predatory practices. The Finance Committee has had three hearings on these problems. The industry saw the writing on the wall and has come forward to call for tougher action by the Centers for Medicare and Medicaid Services. Congress needs to make sure CMS puts real teeth in the enforcement of a stronger set of requirements on marketing in order to protect beneficiaries. In the meantime, we'll see if legislation is needed. The regulatory process is slow, and we may have a Medicare bill in the next four months. It may be faster to pass legislation to beef up enforcement. We'll see what steps CMS takes and

evaluate from there. Iowa seniors want to be able to have Medicare Advantage, and I've fought hard for equity. Cleaning up sales and marketing practices is very important to keeping support strong for this program overall."

Participants in today's meeting with members of the Committee on Finance were:

Richard A. Barasch, Chairman and CEO
Universal American Corporation

Angela Braly, President and CEO
WellPoint, Inc.

Jay M. Gellert, President and CEO
Health Net, Inc.

George Halvorson, Chairman and CEO
Kaiser Foundation Health Plan, Inc. and Hospitals

Karen Ignagni, President and CEO
America's Health Insurance Plans

Michael McCallister, President and CEO
Humana Inc.

Jeannine M. Rivet, Executive Vice President
UnitedHealth Group

James Roosevelt, Jr., President and CEO
Tufts Health Plan

Ronald A. Williams, Chairman and CEO
Aetna Inc.

Dale B. Wolf, President and CEO
Coventry Health Care Inc.