

## Dingell, Stupak Continue Investigation of Predatory Sales Practices of Medicare Advantage Plans

Washington, D.C. - Reps. John D. Dingell (D-MI), Chairman of the Committee on Energy and Commerce, and Bart Stupak (D-MI), Chairman of its Subcommittee on Oversight and Investigations, today sent two letters as part of their continued investigation into predatory sales practices of Medicare Advantage (MA) plans.

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Lawmakers Raise Questions About Marketing Practices by Health Net, Inc.

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- Reps. John D. Dingell (D-MI), Chairman of the Committee on Energy and Commerce, and Bart Stupak (D-MI), Chairman of its Subcommittee on Oversight and Investigations, today sent two letters as part of their continued investigation into predatory sales practices of Medicare Advantage (MA) plans. The Committee is specifically investigating a report from the National Senior Citizens Law Center (NSCLC), a non-profit legal services organization that assists low-income Medicare beneficiaries. Based on NSCLC's report, Health Net's sales agents attempted to induce beneficiaries to enroll in MA plans by providing false and misleading information and also implied that they could enroll their targets immediately during the outbound call. Such activity is expressly prohibited by Federal law.

"Once again, this Administration has allowed the health of vulnerable Medicare beneficiaries to be placed at risk by predatory Medicare Advantage sales agents," said Dingell. "What's most disturbing is that the Centers for Medicare and Medicaid Services failed to identify and stop these abusive sales practices. In fact, these disgraceful tactics only came to light after insurance agents made the mistake of pitching their products to Legal Aid lawyers who knew about the pitfalls of MA plans."

In July, Congress overrode a Presidential veto to pass legislation prohibiting exploitive marketing and enrollment of Medicare recipients into private plans. However, five days after the insurance industry's open season for marketing MA plans had begun, CMS delayed implementation of the law, as the insurance industry had requested. Meanwhile, excessive sales commissions and lack of oversight by both CMS and the insurance industry has allowed predatory sales practices and fraud to continue unabated, at the expense of Medicare beneficiaries.

"Despite the passage of federal legislation and oversight hearings, including the Subcommittee on Oversight and Investigation's hearing in June of last year on "Predatory Practices in Medicare Advantage," the Administration has failed to curb fraudulent sales to vulnerable Medicare beneficiaries," said Stupak. "Now we learn that private insurance companies in California have been using robo calls, misleading information, and high-pressure tactics to sell their plans to Medicare recipients. This unconscionable sales conduct, which targets seniors and disabled persons, must stop immediately. Instead of helping the insurance industry look for loopholes so companies can maximize sales volume and keep Medicare Advantage sales commissions high, the Administration should be protecting Medicare beneficiaries from this type of exploitation."

In a letter to Michael O. Leavitt, Secretary of the U.S. Department of Health and Human Services (HHS), and Daniel R. Levinson, Inspector General of HHS, the lawmakers request that the Office of Inspector General (IG) investigate whether Health Net or its agents have engaged in Medicare fraud in connection with Health Net's MA plans.

[Click here to read the letter to the Secretary and Inspector General of HHS.](#)

In a letter to Jay M. Gellert, President and Chief Executive Officer of Health Net, Inc., the Chairmen request that Health Net immediately notify all insurance brokerages and agents selling its Medicare private plans to cease outbound sales calls and unsolicited sales contacts, identify any agents that have violated these prohibitions, and refer such agents to the appropriate State Insurance Department and the HHS-IG. In addition, they request that Health Net identify and contact all dual-eligible Medicare beneficiaries enrolled in its plans within the past year to ensure that they understand any network or prescription formulary limitations in their plans, determine whether any coordination of benefits issues have arisen for such beneficiaries, and assist them with retroactive disenrollments upon their request.

[Click here to read the letter to the President and CEO of Health Net, Inc.](#)

At a June 26, 2007, hearing on "Predatory Sales Practices in Medicare Advantage," the Subcommittee on Oversight and Investigations received testimony from low-income Medicare beneficiaries about insurance agents fraudulently enrolling them in MA plans that were inappropriate for their health care conditions and financial circumstances.

For more information about this hearing or the Committee's ongoing investigation, visit <http://energycommerce.house.gov/Investigations/MedicarePredatorySales.shtml>

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Prepared by the Committee on Energy and Commerce  
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