

# STATE OF COLORADO

## DEPARTMENT OF REGULATORY AGENCIES

D. Rico Munn  
Executive Director

## DIVISION OF INSURANCE

Marcy Morrison  
Commissioner of Insurance  
1560 Broadway, Suite 850  
Denver, CO 80202



Bill Ritter, Jr.  
Governor

May 11, 2007

The Honorable Herb Kohl  
Chairman  
Special Committee on Aging  
United State Senate  
Washington, DC 20510

Dear Chairman Kohl:

My office was contacted by your staff to identify issues in the marketplace of Medicare Advantage plans. Medicare Advantage plans are quite popular in Colorado, with approximately 30% of our Medicare beneficiaries selecting such plans. There are, however, some significant issues and challenges that Medicare Advantage plans have presented for Colorado consumers.

Among the particular issues that consumers have brought to our Senior Health Insurance Program (SHIP) are:

- Colorado has over a dozen Medicare Advantage providers with over 80 plan options. This does not include the Medicare "cost" plans. Much of our Medicare-eligible population has not experienced, and do not understand, aspects of managed care. This is particularly true where they have participated in original Medicare and have established provider relationships.

The Medicare Advantage products, particularly the private fee-for-service (PFFS) plans, are new and not well understood by insurance producers, consumers or providers. This has caused confusion with consumers being sold plans inappropriate for them, and then they are not able to "unwind" the enrollment.

It is further complicated by delays and technical difficulties of various computer systems (including the Centers for Medicare and Medicaid Services (CMS), the Social Security Administration (SSA), and the Medicare Advantage plans) "talking" to one another to process enrollments, disenrollments, payment issues, etc.

- Consumers have contacted us reporting that Medicare Advantage sales agents, particularly for the PFFS plans, are telling seniors that purchasing a Medicare Advantage plan will not affect how or from whom they get care. We have found that some producers do not understand the product they are selling, and the Medicare Advantage companies' producer training and monitoring is lacking.

*"The Mission of the Division of Insurance is Consumer Protection"*

General Number: (303) 894-7499 / Consumer Complaints: (303) 894-7490 / Toll Free 1-800-930-3745 / FAX: (303) 894-7455  
Producer Licensing/Promisor: 1-800-275-8247 / TTY Relay for the Deaf and Hearing Impaired: Dial 711  
<http://www.dora.state.co.us/insurance>

Consumers are not being informed that their physician may not participate in a Medicare Advantage PFFS plan. In some instances, consumers have not been told that a Medicare Advantage plan replaces original Medicare and takes the place of their Medicare supplement (Medigap) insurance. Some consumers that did not drop their Medigap policy when enrolling in a Medicare Advantage plan have been forced to pay premiums for both the Medicare Advantage and the Medigap until the annual election period allowed them to drop the Medicare Advantage plan.

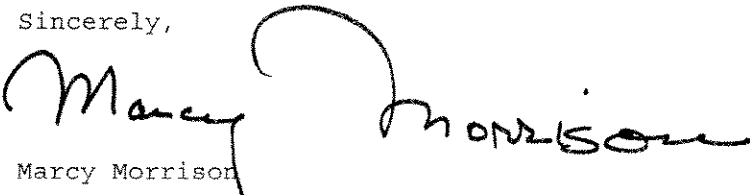
Moreover, consumers who find that a Medicare Advantage plan is not suitable for them are locked into that plan, sometimes for a full year, before they can change back to original Medicare or another plan. Some consumers who dropped their Medigap policy when they enrolled into a Medicare Advantage plan are not able to get back into their Medicare supplement when they leave the Medicare Advantage plan.

- One of the larger hospitals in a rural part of the state announced that it was withdrawing from the HMO network of a Medicare Advantage carrier. The hospital cited problems with pre-authorizations of care and failure of the carrier to pay claims in a timely manner. Consumers contacted our office because they were unable to find physicians, primary care or specialists, to treat them within the HMO network and the geographic area.

We are also receiving reports that physicians participating in the original Medicare program will not take Medicare Advantage PFFS patients, and are making the decision on a patient by patient basis. Meanwhile, consumers are reporting to us that insurance producers have told them they could see any Medicare provider under a Medicare Advantage PFFS plan.

Thank you for the opportunity to describe some of the problems we are seeing in the marketplace of Medicare Advantage plans for Colorado consumers. If we can provide additional information or insight for you, please do not hesitate to contact me.

Sincerely,

  
Marcy Morrison

Cc: The Honorable Wayne Allard  
The Honorable Ken Salazar