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## **NRHA Testifies on Medicare Advantage PFFS Plans**

### **Brock Slabach details concerns for rural seniors to powerful Ways and Means Subcommittee**

(Washington, D.C.) On May 22, NRHA board member, Brock Slabach, told the U.S. House Ways and Means Subcommittee on Health that certain rapidly growing Medicare plans impede access to health care in rural America. Mr. Slabach outlined the NRHA's concerns for rural patients and providers alike over the growth of Medicare Advantage Private Fee-for-Service plans (PFFS) in rural America in his testimony before the committee.

"Rural Medicare beneficiaries deserve a Medicare plan that is sensitive to their needs and provides security to the fragile rural health care safety net," testified Mr. Slabach. He further stated that as these plans gain more and more market share in rural communities, "the consequences to rural health are potentially quite negative."

Mr. Slabach then outlined several of the NRHA's concerns that Medicare Advantage PFFS plans harm rural seniors' access to care, including concern that such plans often reimburse providers at rates far lower than under traditional Medicare. For example, numerous PFFS plans do not comply with the cost-based reimbursement requirements for Critical Access Hospitals established in the Balanced Budget Act of 1997. "These plans have the potential of completely undoing the reimbursement structure that Congress created," said Mr. Slabach.

Mr. Slabach also testified that PFFS plans are often confusing to seniors, contain gaps in coverage and are sold with questionable marketing tactics. "We can and must do better for our rural seniors," Slabach told the committee.

Private Fee-For-Service has experienced enormous growth following Medicare Advantage payment increases made by the Medicare Modernization Act of 2003. In 2003, less than 26,000 beneficiaries were enrolled in PFFS plans, but by April 2007 that number had exploded to nearly 1.5 million – a growth of more than 5600 percent. Though only a small percentage of rural Medicare beneficiaries are enrolled in Medicare Advantage Plans, the NRHA is concerned because enrollment has doubled in the last year, making rural enrollment one of the fastest growing demographics of MA plans.

Private Fee-For-Service plans are different from other MA plans. They are exempt from many of the rules and reporting requirements that apply to other MA plans. Additionally, MA Plans are paid on average 112 percent of fee-for-service Medicare. However, PFFS plans are located in geographic areas where payments are on average 119 percent of what it would cost to care for the same beneficiaries in traditional Medicare.

Subcommittee Chairman, Fortney "Pete" Stark (D-CA) said, "the alarming growth in these overpaid plans ... results in increased premiums for all Medicare beneficiaries and shortened solvency of the Hospital Insurance Trust Fund."

Mr. Slabach also outlined the NRHA's recommendations and told the Committee that, as it works to modify the Medicare Advantage PFFS program, it must:

- Ensure that rural providers receive equitable reimbursements in amounts no less than they would be paid by traditional Medicare;
- Require CMS to engage with rural health experts regarding how to determine and enforce rural community access standards and mandate MedPAC, which advises Congress on Medicare, to have proportional rural representation; and
- Provide the Federal Office of Rural Health Policy expanded authority to provide technical assistance and outreach on ways rural providers can collaborate in the review of MA contracts.

For complete testimony of the NRHA and other witnesses,

<http://waysandmeans.house.gov/hearings.asp?formmode=detail&hearing=561&comm=1>

*The NRHA is a national nonprofit organization, with nearly 15,000 members that provides leadership on rural health issues. The Association's mission is to improve the health and wellbeing of rural Americans and to provide leadership on rural health issues through advocacy, communications, education, and research. The NRHA membership is made up of a diverse collection of individuals and organizations, all of whom share the common bond of an interest in rural health. Mr. Slabach also serves as hospital administrator of a critical access hospital and three Rural Health Clinics, all in Mississippi.*

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