

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER:

BIDEN CUTS MEDICARE ADVANTAGE TO FUND ILLEGAL ALIEN HEALTH CARE.

BACKGROUND. President Biden vowed during his 1st State of the Union address that he would protect Medicare from cuts. Instead, he has cut benefits for senior citizens who enjoy Medicare Advantage (MA) health care policies in order to fund free and cheap health insurance for several categories of illegal aliens. Senior citizen voters are livid. During his embarrassing debate performance, Biden said, “We finally beat Medicare.” Yes, he is beating it. He has jeopardized support from the 33 million Americans enrolled in MA plans.

THE DEFINITION. Medicare Advantage (MA) plans are private health insurance plans that contract with Medicare, used by more than 33 million Americans. In 10 years, the Congressional Budget Office projects that 62% of eligible Americans will enroll. The program mostly enrolls adults over 65 but also offers benefits to individuals of all ages with disabilities. MA (Part C) is a plan offered by private insurers that includes all the benefits of traditional Medicare (Parts A and B) together with additional services like vision, dental, and prescription drug coverage. One of its main benefits is the inclusion of extra services not covered by traditional Medicare. Additionally, MA often provides lower premiums and out-of-pocket costs, although it usually requires members to use a network of approved healthcare providers. This plan means more comprehensive and reasonable cost healthcare coverage for beneficiaries. Beneficiaries enrolled in MA save about \$2,400 per year compared to traditional Medicare. MA plans are particularly crucial for middle-income and poor seniors. 52% of MA participants live below 200% of the federal poverty level compared to 36% of traditional Medicare beneficiaries. Research studies prove that MA plans achieve better health outcomes for the beneficiaries they serve than traditional Medicare, including fewer hospital readmissions, fewer preventable hospitalizations, and lower rates of high-risk medication use. Enrollees can select the plan annually that makes the most sense for them.¹ These kinds of private health plans now dominate Medicare coverage. 51% of Medicare-eligible Americans choose MA, and that number grows each year, 90% of enrollees reporting they are satisfied with the plan.

SEASONED CITIZEN MEDICARE CUTS. This Biden unilateral action will cost typical MA holders about \$33 per month, or \$396 annually. Older folks already are suffering from high inflation while living on limited incomes. They will suffer higher premiums, increased co-pays, and fewer benefits. Elderly MA payments will rise about 3.7% in 2025, over \$16 billion. Cutting MA hurts Medicare solvency, too, because it is less costly to the federal government compared to



original Medicare, and studies have shown that MA could help extend Medicare solvency by 17 years. Not only will MA recipients see their funding drop, but they also must provide more documentation to receive insurer support. With compensation now more directly linked to health conditions, enrollees likely must submit multiple requests to receive the money they otherwise would receive, with no assurance that their request for service will win approval. This burden likely will lead to a decrease in access to healthcare. According to Raymond James analyst Chris Meekins, “President Biden’s team is betting that

MA beneficiaries won’t realize before the election the benefits Biden’s team is causing them to lose come January 2025.” The Wall Street Journal Editorial Board stated, “Medicare Advantage plans send notices of annual plan changes in the autumn—a few weeks before the November election. Seniors may be in for a rude cost and benefit shock when they try to renew. If seniors like their doctor, they might not be able to keep her.”² In a typical election year, 72% of seniors usually vote, easily making the difference in hotly-contested races across the U.S. This round of cuts will leave many seniors on fixed incomes at risk of being unable to afford their care.³ The Berkeley Research Group recently conducted a detailed analysis of the data in a report commissioned by the Better Medicare Alliance, a coalition of over 200 allied organizations. The authors concluded that the changes in 2025, taking all of the technical adjustments into account, would result in a 1% MA payment cut per month per beneficiary. The damage to Medicare patients is not uniform. Examining the data, the authors of the Berkeley report estimate that for Medicare patients in Kansas, **NEBRASKA**, Nevada, and Texas, the potential damage is greatest. The value of supplemental benefits and premiums and cost sharing for these 4 states could fall by \$60 or more per beneficiary per month, on average, which beneficiaries would experience as an increase in their

¹ Washington Examiner, Ryan Ellis, President Joe Biden wants to cut Medicare Advantage, Feb. 16, 2023.

² Andrew Shirley, AMAC, Biden Medicare Advantage Cuts Could Cost Him Dearly with Seniors, May 18, 2024.

³ AMAC, AMAC Action Opposes Biden’s Cuts to Medicare Advantage, May 10, 2024.

health care costs.⁴ A group that lobbies for MA plans sent a memo to Congress that said proposed changes would affect 30 million beneficiaries.⁵ Insurer lobbies condemned the change, with groups like the Better Medicare Alliance and AHIP arguing that it fails to account for rising care utilization among Medicare seniors and will force insurers to reduce benefits and raise premiums. AHIP is an American political advocacy and trade association of health insurance companies that offer coverage through Medicare Advantage, [Insurers have warned](#) that they might leave insurance markets, decreasing choices for MA holders.⁶



BIDEN SCHEME. Biden has chosen to lie about his scheme, accusing Republicans of wanting to cut MA programs on the slimmest of evidence. He is purposely sabotaging MA in order to satisfy his leftist supporters who want to pass Medicare for All legislation, a universal single-payer national health insurance system that currently is devastating Canada and the UK. Over 50% of House Democrats and 15 Democrat senators are co-sponsors of Medicare for All legislation that would abolish virtually all private health plans, including MA. Pushing this legislation is leftist Sen. Elizabeth Warren (Mass.) and Rep. Pramila Jayapal (Wash.), leading a coalition of 59 leftist House Democrats. Biden lies that Medicare is a key priority for him. He could face a brewing electoral disaster in his support among seniors because of these cuts. Older Americans already are

unlikely to support a politician cutting their Medicare benefits. They are even more unlikely to tolerate a president who falsely accuses his opponent of cutting Medicare while himself doing it. When Health and Human Services Sec. [Xavier Becerra testified](#) before the Senate Appropriations Committee, conservative Sen. John Kennedy (LA.) grilled him about the cuts. Becerra seemed at a loss for answers.⁷ Becerra told reporters the new plan will improve the “health and well-being” for both DACA recipients and the U.S. economy. The leftist game plan is to stop the growth of MA. It seeks to drive seniors back into traditional Medicare.

TRUMP DEFENDS SENIORS. Pres. Trump, upon re-election, has promised to not cut Medicare policies and to expand MA options. He lambasted Biden for offering Social Security and Medicare policies to illegal aliens. Medicare benefits will become a winning issue for Republicans, because the states that voted for Trump in 2016 but switched to Biden in 2020, Arizona, Georgia, Michigan, Pennsylvania, and Wisconsin, include a majority of seniors who receive health care through MA. Trump understands that increasing health care costs for our most vulnerable population before an election is a stupendously stupid idea.⁸ Meanwhile, the Biden campaign has pursued an aggressive and dishonest strategy of claiming that President Trump drastically will cut Medicare. That campaign is sponsoring senior-oriented events like bingo and airing attack ads against Trump at peak senior citizen viewing hours. The consistent focus of these ads accuses Trump of planning to cut Medicare and Social Security.

THE FUNDS TRANSFER. Biden and his leftist congressional allies intend to use the savings from MA cuts to give illegal aliens immediate access to health and medical benefits, because so many poor illegals have no means of financial support for such care. Seniors and those with disabilities will hurt mightily, because funding for this gift to illegal migrants comes from over 33 million seniors who will suffer in their MA policies. Biden wants to cut generous health care checks for illegal immigrants paid for by hardworking retired taxpayers. Sen. Joni Ernst (IA.) said, “That’s more than families receive when a relative is killed in action.” Ernst is the most vocal senator against Biden senseless immigration policies. Sen. Steve Daines (Mont.) and Ernst have joined to introduce both an individual bill and an amendment to the annual defense bill, the National Defense Authorization Act, to prevent Biden recklessly funding health care payments to all current and future illegal aliens.⁹ If Biden grants benefits to 10-12 million illegal immigrants, it would cost Social Security and Medicare \$1.3 trillion, which would cause cuts in Social Security and Medicare to Americans. Biden seeks to reward lawbreakers, treating them better than American citizens. “Look, I think that anyone who is in a situation where they are in need of health care, regardless of whether they are documented or undocumented, we have an obligation to see

⁴ The Daily Signal. Robert Moffit, [The Left’s Relentless War Against Medicare’s Private Health Plans](#), March 5, 2024.

⁵ Sen. Tom Cotton. Politifact. ["It's President Biden who is proposing to cut Medicare Advantage."](#) Feb. 6, 2024.

⁶ Healthcarediver. Rebecca Pifer. [Biden administration finalizes modest cut to 2025 Medicare Advantage rates](#), April 2, 2024.

⁷ Jaime Beutler, The Hill. [Biden promised not to cut Medicare, but he did when he cut Medicare Advantage](#), April 20, 2024.

⁸ Fox News, Emma Colton, [Trump puts Biden on defense for Medicare Advantage cuts](#), June 30, 2024.

⁹ William Haupt III, The Center Square, [Biden breaks promise not to cut Medicare](#), May 6, 2024.

that they are cared for,” Biden said in response to whether illegal immigrants should become entitled to federal benefits like Medicare.

BETTER ALTERNATIVE. Instead of relying upon the traditional Medicare declining and outdated system of administrative pricing and price controls as the basis for annual MA payments, Congress should base the federal contribution to health plans on a straight competitive market-based bidding system among MA plans to provide standard Medicare benefits. The popular and successful Federal Employee Health Benefits Program, for example, has used this



formula for federal workers and retirees for more than 60 yrs. Such an approach would ensure that the government contribution to plans reflects the real market price of coverage and bring more intense price competition among plans and providers. Also, such competitive bidding should occur on a regional basis rather than on the current countrywide basis. Second, instead of trying to “risk-adjust” health plan payments on current prospective plan estimates of enrollee future health-related costs, Congress should establish a retrospective (look-back) system to reimburse plans annually for the actual costs of enrolling high-cost Medicare patients. As outlined by Heritage Foundation analyst Edmund Haislmaier in Modernizing Medicare: Harnessing the Power of Consumer Choice and Market Competition, such

risk-adjusted reimbursement to the plans would come from a common pool. All MA plans would participate and share the costs of expensive patients. The pools would organize on a state or regional basis, funded from all participating MA plans and supervised by state insurance regulators. Such a retrospective system would not only guarantee protection for vulnerable patients and stabilize the market but also eliminate the guesswork of estimating patient future risk and prevent an insurance company from “gaming” the system at the expense of taxpayers.¹⁰

TAKE ACTION NOW. Medicare Advantage is not the place where we should save pennies on the dollar within Medicare. It should serve as a model toward which regular Medicare should be moving, with additional reforms that will prevent program collapse or massive tax increases. MA is on the verge of becoming Medicare for a majority of seniors, so we should incentivize its expansion. Using the information above, lobby your congressman and 2 NE senators to immediately pass legislation to stop the Biden cuts to MA and to allow the private marketplace to offer additional MA policies to seniors. Conservative Reps. Michelle Fischbach (MN) and August Pfluger (TX) introduced a Congressional Review Act to kill Biden taxpayer subsidies to illegal immigrants. This crucial legislation aims to prevent taxpayer funds from use to provide healthcare benefits to illegal immigrants under the Biden Regime dictate. Tell your Capitol Hill reps to support this resolution. Email netaxpayers@gmail.com for congressional contact information and to join our NTF *President Watch Project*.

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¹⁰ The Daily Signal. Robert Moffit, The Left’s Relentless War Against Medicare’s Private Health Plans, March 5, 2024.