

United States Senate

WASHINGTON, DC 20510

March 22, 2023

Brian Thompson
Chief Executive Officer
UnitedHealthcare
9900 Bren Rd.
Minnetonka, MN, 55343

Dear Mr. Witty:

We write today regarding the outsize profits your company has earned in the Medicare Advantage program, the extraordinary salaries paid to you and other executives, and the billions your company has spent on dividends and buybacks. The seven major health care companies that cover 70% of the MA market, of which UnitedHealthcare is one, brought in over \$1 *trillion* in total revenue and over \$69 billion in profits just in 2022.¹ Your company alone earned over \$20 billion in profits in 2022.²

The Centers for Medicare and Medicaid Services' (CMS) 2024 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (the Advance Notice) makes a series of risk adjustments and technical updates based on the current costs of health care.³ Despite the fact that the Advance Notice would *increase* overall revenues for MA plans, industry groups representing your company and other insurers, such as Better Medicare Alliance (BMA) and AHIP (America's Health Insurance Plans) have warned that policy changes in the Advance Notice would result in poorer quality care and "threaten the stability of benefits for 30 million" MA enrollees.⁴ Given these outsized profits and the long history of corporate profiteering in the MA program,⁵ we are requesting information

¹ Health Care Un-Covered, "BIG INSURANCE 2022: Revenues reached \$1.25 trillion thanks to sucking billions out of the pharmacy supply chain – and taxpayers' pockets," Wendell Potter, February 27, 2023, <https://wendellpotter.substack.com/p/big-insurance-2022-revenues-reached>.

² Securities and Exchange Commission, UnitedHealth Group, Form 10-K, February 24, 2023, p. 38, <https://www.sec.gov/ix?doc=/Archives/edgar/data/731766/000073176623000008/unh-20221231.htm>.

³ Centers for Medicare and Medicaid Services, "Advance Notice of Methodological Changes for Calendar Year (CY) 2024 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies," February 1, 2023, <https://www.cms.gov/files/document/2024-advance-notice.pdf>.

⁴ Letter from AHIP President & Chief Executive Officer Matthew Eyles to the Centers for Medicare and Medicaid Services, March 6, 2023, <https://www.ahip.org/documents/AHIP-Comment-CY2024-Advance-Notice-Wakely-Report.pdf>.

⁵ Fierce Healthcare, "Audits—hidden until now—reveal millions in Medicare Advantage overcharges," Fred Schulte and Holly Hacker, November 21, 2022, <https://www.fiercehealthcare.com/payers/audits-hidden-until-now-reveal-millions-medicare-advantage-overcharges>; U.S. Department of Health and Human Services, Office of Inspector General, "Some Medicare Advantage Companies Leveraged Chart Reviews and Health Risk Assessments To Disproportionately Drive Payments," Suzanne Murrin, September 2021, <https://oig.hhs.gov/oei/reports/OEI-03-17-00474.pdf>; U.S. Department of Justice, "United States Files Civil Fraud Lawsuit Against Cigna For Artificially Inflating Its Medicare Advantage Payments," press release, October 17, 2022, <https://www.justice.gov/usao-sdny/pr/united-states-files-civil-fraud-lawsuit-against-cigna-artificially-inflating-its>.

from your company about whether UnitedHealthcare would take actions that hurt seniors, as industry groups are claiming, instead of reducing exorbitant salaries or the massive payouts to your shareholders and executives.

CMS's 2024 Advance Notice on Medicare Advantage Payment Rates

CMS announced the 2024 Advance Notice on February 1, 2023. The announcement includes routine technical updates and improvements to its payment methodology, including a proposal to update the risk adjustment model to ensure Medicare payments more accurately reflect what it costs to care for beneficiaries enrolled in MA plans.⁶ Taken together, these proposals would send an additional \$4 billion to Medicare Advantage plans in 2024.⁷

Still, industry groups like AHIP and BMA are working to strong-arm CMS into delaying or watering down the proposed adjustments.⁸ But CMS's actions are more than justified. The agency routinely updates the data years and diagnostic codes in its MA risk adjustment model, and these steps are especially necessary given years of investigations uncovering rampant abuse in the MA program.⁹ The Medicare Payment Advisory Commission (MedPAC), a nonpartisan legislative agency, found that excess payments to private insurance companies in MA have cost the government nearly \$124 *billion* since 2007.¹⁰ Federal audits, lawsuits, and Inspectors General investigations have uncovered widespread overpayments,¹¹ abuses of the existing Risk Adjustment Processing System,¹² and outright fraud.¹³

⁶ Centers for Medicare and Medicaid Services, "Advance Notice of Methodological Changes for Calendar Year (CY) 2024 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies," February 1, 2023, <https://www.cms.gov/files/document/2024-advance-notice.pdf>.

⁷ Centers for Medicare and Medicaid Services, "Frequently Asked Questions (FAQ) on the Medicare Advantage 2024 Advance Notice," p. 1, <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>.

⁸ Roll Call, "Insurers, Republicans square off with Biden on Medicare 'cuts'," Jessie Hellmann, February 22, 2023, <https://rollcall.com/2023/02/22/insurers-republicans-square-off-with-biden-on-medicare-cuts/>; Letter from Better Medicare Alliance to the Centers for Medicare and Medicaid Services, March 6, 2023, https://bettermedicarealliance.org/wp-content/uploads/2023/03/Better-Medicare-Alliance-CY-2024-MA-Advance-Notice-Comment_FIN-3.6.23.pdf; Letter from AHIP to the Centers for Medicare and Medicaid Services, March 6, 2023, <https://www.ahip.org/resources/ahip-submits-comments-on-cy2024-advance-rate-notice>.

⁹ Centers for Medicare and Medicaid Services, "Frequently Asked Questions (FAQ) on Medicare Advantage 2024 Advance Notice," <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>; Medicare Payment Advisory Commission, "Medicare and the Health Care Delivery System," June 15, 2022, June 15, 2022, https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_v2_SEC.pdf.

¹⁰ Medicare Payment Advisory Commission, "The Medicare Advantage program: Status report," Luis Serna and Andy Johnson, January 12, 2023, p.13, <https://www.medpac.gov/wp-content/uploads/2023/01/MedPAC-MA-status-report-Jan-2023.pdf>.

¹¹ Fierce Healthcare, "Audits—hidden until now—reveal millions in Medicare Advantage overcharges," Fred Schulte and Holly Hacker, November 21, 2022, <https://www.fiercehealthcare.com/payers/audits-hidden-until-now-reveal-millions-medicare-advantage-overcharges>.

¹² U.S. Department of Health and Human Services, Office of Inspector General, "Some Medicare Advantage Companies Leveraged Chart Reviews and Health Risk Assessments To Disproportionately Drive Payments," Suzanne Murrin, September 2021, <https://oig.hhs.gov/oei/reports/OEI-03-17-00474.pdf>.

¹³ U.S. Department of Justice, "United States Files Civil Fraud Lawsuit Against Cigna For Artificially Inflating Its Medicare Advantage Payments," press release, October 17, 2022, <https://www.justice.gov/usao-sdny/pr/united-states-files-civil-fraud-lawsuit-against-cigna-artificially-inflating-its>.

Health care experts have also praised the Advance Notice as a necessary departure from systemic overpayments in the MA program. A letter from 19 health care experts, including former CMS Administrator Don Berwick and former CMS Deputy Administrator Richard Gilfillan, argued that the Advance Notice would help ensure “appropriate financial payments and stewardship for MA Funds, fair payments to enable excellent care for sicker patients, sustainability of the overall Medicare program and security for all beneficiaries.”¹⁴ More than 30 health economists and policy analysts similarly supported the Advance Notice while noting that it was potentially “too generous to MA plans,” leaving in place “ample room to prosper financially.”¹⁵

CMS’ Proposal Would Limit Profiteering in Medicare Advantage

MA plans are consistently paid more for seniors’ care, and MedPAC projects that total Medicare payments to MA plans in 2023 will be \$27 billion higher than if MA beneficiaries were enrolled in traditional Medicare.¹⁶ Despite its promise of better care for lower costs, Medicare Advantage overall has never achieved savings for the federal government in any year since its inception,¹⁷ and federal investigators have found that seniors frequently face denials of necessary care from the private plans promising them better coverage.¹⁸ An analysis by the Kaiser Family Foundation found that “insurers continue to report much higher gross margins per enrollee in the Medicare Advantage market than in other health insurance markets,” averaging \$1,730 per employee in 2021, or “at least double the margins reported by insurers” in other markets.¹⁹

The outsized margins that private insurers earn in Medicare Advantage have led to skyrocketing profits.²⁰ In 2022, the seven major Medicare Advantage health care insurers – UnitedHealthcare, CVS/Aetna, Cigna, Elevance Health, Humana, Centene, and Molina – brought in revenues of \$1.25 trillion and reported total profits of \$69.3 billion, a 287% increase in profits since 2012.²¹ But rather than investing in benefits for patients, these seven health insurers instead spent \$26.2

¹⁴ Letter from Scott Armstrong et al. to the Centers for Medicare and Medicaid Services, March 6, 2023.

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¹⁶ Medicare Payment Advisory Commission, “The Medicare Advantage Program: Status Report,” March 2023, p. 324,

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¹⁸ The New York Times, “Medicare Advantage Plans Often Deny Needed Care, Federal Report Finds,” Reed Abelson, April 28, 2022, <https://www.nytimes.com/2022/04/28/health/medicare-advantage-plans-report.html>.

¹⁹ Kaiser Family Foundation, “Medicare Advantage Insurers Report Much Higher Gross Margins Per Enrollee Than Insurers in Other Markets,” Craig Palosky, February 28, 2023,

<https://www.kff.org/medicare/press-release/medicare-advantage-insurers-report-much-higher-gross-margins-per-enrollee-than-insurers-in-other-markets/>.

²⁰ NPR, “Medicare Advantage's cost to taxpayers has soared in recent years, research finds,” Fred Schulte, November 11, 2021, <https://www.npr.org/sections/health-shots/2021/11/11/1054281885/medicare-advantage-overcharges-exploding>.

²¹ Health Care Un-Covered, “BIG INSURANCE 2022: Revenues reached \$1.25 trillion thanks to sucking billions out of the pharmacy supply chain – and taxpayers' pockets,” Wendell Potter, February 27, 2023, <https://wendellpotter.substack.com/p/big-insurance-2022-revenues-reached>.

billion on stock buybacks.²² Your company spent \$12 billion on stock buybacks in the past two years,²³ and you personally received compensation of more than \$18 million in 2021 alone.²⁴

Despite the billions of excess profits health insurers make in Medicare Advantage each year, BMA, which includes your company as a member, and AHIP claim that the Advance Notice would lead to “higher premiums, more out-of-pocket costs, benefits eliminated, and fewer choices.”²⁵ It is outrageous that industry groups, on your behalf, are putting your plan’s enormous profits over care for seniors.

Conclusion

Medicare Advantage currently provides health care for more than 30 million seniors and people with disabilities,²⁶ and these enrollees deserve quality and affordable health care, not threats from insurers that are making billions in profits. Despite the outrageous profits your company and the other major health insurers bring in from Medicare Advantage, industry groups are still working to scare seniors and people with disabilities into opposing changes that will reduce waste, fraud, and abuse. In order to understand whether BMA and AHIP’s statements are representative of the insurers providing care in Medicare Advantage, we request answers to the following questions no later than March 29, 2023:

1. For each of the past five years, please provide the following information:
 - a. The number of Medicare beneficiaries enrolled in a UnitedHealthcare Medicare Advantage plan.
 - b. The revenue UnitedHealthcare received from the Medicare program for these enrollees.
 - c. The gross profits UnitedHealthcare made in its Medicare Advantage line of business.
 - d. The proportion of your Medicare Advantage revenues tied to a subcapitated payment arrangement where the provider receives a proportion of the risk-adjusted premium.

²² Health Care Un-Covered, “The Big Seven health insurers spent \$26.2 billion buying back their own stocks in 2022 to enrich CEOs, shareholders,” Wendell Potter, March 6, 2023, <https://wendellpotter.substack.com/p/the-big-seven-health-insurers-spent>.

²³ Securities and Exchange Commission, UnitedHealth Group, Form 10-K, February 24, 2023, p. 28, <https://www.sec.gov/ix?doc=/Archives/edgar/data/731766/000073176623000008/unh-20221231.htm>.

²⁴ Securities and Exchange Commission, UnitedHealth Group, Schedule 14A, April 22, 2022, p. 48, https://www.sec.gov/Archives/edgar/data/731766/000110465922048923/tm223410-1_def14a.htm.

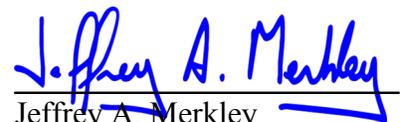
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²⁶ Fierce Healthcare, “CMS data: Medicare Advantage tops 30M,” Paige Minemyer, January 17, 2023, <https://www.fiercehealthcare.com/payers/cms-data-medicare-advantage-tops-30m>.

- e. Your company's gross and net profits for Medicare enrollees in a subcapitated payment arrangement where the provider receives 50% or more of the risk-adjusted premium.
 - f. Your company's gross and net profits for Medicare enrollees not in a subcapitated payment arrangement.
2. Factoring in the effects of the proposed payment changes in the Advance Notice, what are UnitedHealthcare's expected profits in 2024 compared to what you expected for 2024?
- a. Will you commit to limiting stock buybacks and dividends if UnitedHealthcare does not reach its financial goal?
 - b. Will you limit operating margins or marketing to meet your financial goal?
3. Does your organization agree with AHIP and BMA regarding the potential impact of the 2024 Advance Notice on Medicare beneficiaries?
- a. Were you or any other senior executives involved in the drafting of the BMA comment letter?
4. Do you expect that the proposed payment changes will affect UnitedHealthcare's ability to deliver the Medicare Part A and Part B covered services to which Medicare beneficiaries are entitled?

Sincerely,


Elizabeth Warren
United States Senator


Jeffrey A. Merkley
United States Senator

United States Senate

WASHINGTON, DC 20510

March 22, 2023

Joseph Zubretsky
President and Chief Executive Officer
Molina Healthcare, Inc.
200 Oceangate, Suite 100
Long Beach, CA 90802

Dear Mr. Zubretsky:

We write today regarding the outsize profits your company has earned in the Medicare Advantage program, the extraordinary salaries paid to you and other executives, and the billions your company has spent on dividends and buybacks. The seven major health care companies that cover 70% of the MA market, of which Molina is one, brought in over \$1 *trillion* in total revenue and over \$69 billion in profits just in 2022.¹ Your company alone earned nearly \$800 million in profits in 2022, with 94% of total premiums and services revenue coming from contracts with the federal government.²

The Centers for Medicare and Medicaid Services' (CMS) 2024 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (the Advance Notice) makes a series of risk adjustments and technical updates based on the current costs of health care.³ Despite the fact that the Advance Notice would *increase* overall revenues for MA plans, industry groups representing your company and other insurers, such as Better Medicare Alliance (BMA) and AHIP (America's Health Insurance Plans) have warned that policy changes in the Advance Notice would result in poorer quality care and "threaten the stability of benefits for 30 million" MA enrollees.⁴ Given these outsized profits and the long history of corporate profiteering in the MA program,⁵ we are requesting information

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² Securities and Exchange Commission, Molina Healthcare, Inc., Form 10-K, February 13, 2023, p. 3, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1179929/000117992923000025/moh-20221231.htm>; Health Care Un-Covered, "BIG INSURANCE 2022: Revenues reached \$1.25 trillion thanks to sucking billions out of the pharmacy supply chain – and taxpayers' pockets," Wendell Potter, February 27, 2023, <https://wendellpotter.substack.com/p/big-insurance-2022-revenues-reached>.

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Still, industry groups like AHIP and BMA are working to strong-arm CMS into delaying or watering down the proposed adjustments.⁸ But CMS's actions are more than justified. The agency routinely updates the data years and diagnostic codes in its MA risk adjustment model, and these steps are especially necessary given years of investigations uncovering rampant abuse in the MA program.⁹ The Medicare Payment Advisory Commission (MedPAC), a nonpartisan legislative agency, found that excess payments to private insurance companies in MA have cost the government nearly \$124 *billion* since 2007.¹⁰ Federal audits, lawsuits, and Inspectors General investigations have uncovered widespread overpayments,¹¹ abuses of the existing Risk Adjustment Processing System,¹² and outright fraud.¹³

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⁹ Centers for Medicare and Medicaid Services, “Frequently Asked Questions (FAQ) on Medicare Advantage 2024 Advance Notice,” <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>; Medicare Payment Advisory Commission, “Medicare and the Health Care Delivery System,” June 15, 2022, https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_v2_SEC.pdf.

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Medicare Advantage currently provides health care for more than 30 million seniors and people with disabilities,²⁵ and these enrollees deserve quality and affordable health care, not threats from insurers that are making billions in profits. Despite the outrageous profits your company and the other major health insurers bring in from Medicare Advantage, industry groups are still working to scare seniors and people with disabilities into opposing changes that will reduce waste, fraud, and abuse. In order to understand whether BMA and AHIP’s statements are representative of the insurers providing care in Medicare Advantage, we request answers to the following questions no later than March 29, 2023:

1. For each of the past five years, please provide the following information:
 - a. The number of Medicare beneficiaries enrolled in a Molina Medicare Advantage plan.
 - b. The revenue Molina received from the Medicare program for these enrollees.
 - c. The gross profits Molina made in its Medicare Advantage line of business.
 - d. The proportion of your Medicare Advantage revenues tied to a subcapitated payment arrangement where the provider receives a proportion of the risk-adjusted premium.
 - e. Your company’s gross and net profits for Medicare enrollees in a subcapitated payment arrangement where the provider receives 50% or more of the risk-adjusted premium.

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3. Does your organization agree with AHIP and BMA regarding the potential impact of the 2024 Advance Notice on Medicare beneficiaries?
 - a. Were you or any other senior executives involved in the drafting of the AHIP comment letter?
4. Do you expect that the proposed payment changes will affect Molina's ability to deliver the Medicare Part A and Part B covered services to which Medicare beneficiaries are entitled?

Sincerely,



Elizabeth Warren
United States Senator



Jeffrey A. Merkley
United States Senator

United States Senate

WASHINGTON, DC 20510

March 22, 2023

Bruce D. Broussard
President and CEO
Humana
5200 Southpoint Dr.
Louisville, KY 40229

Dear Mr. Broussard:

We write today regarding the outsize profits your company has earned in the Medicare Advantage program, the extraordinary salaries paid to you and other executives, and the billions your company has spent on dividends and buybacks. The seven major health care companies that cover 70% of the MA market, of which Humana is one, brought in over \$1 *trillion* in total revenue and over \$69 billion in profits just in 2022.¹ Your company alone earned over \$2 billion in profit in 2022, with 85% of total premiums and services revenue coming from contracts with the federal government.²

The Centers for Medicare and Medicaid Services' (CMS) 2024 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (the Advance Notice) makes a series of risk adjustments and technical updates based on the current costs of health care.³ Despite the fact that the Advance Notice would *increase* overall revenues for MA plans, industry groups representing your company and other insurers, such as Better Medicare Alliance (BMA) and AHIP (America's Health Insurance Plans) have warned that policy changes in the Advance Notice would result in poorer quality care and "threaten the stability of benefits for 30 million" MA enrollees.⁴ Given these outsized profits and the long history of corporate profiteering in the MA program,⁵ we are requesting information

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² Securities and Exchange Commission, Humana, Inc., Form 10-K, February 16, 2023, <https://www.sec.gov/ix?doc=/Archives/edgar/data/49071/000004907123000011/hum-20221231.htm>.

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⁴ Letter from AHIP President & Chief Executive Officer Matthew Eyles to the Centers for Medicare and Medicaid Services, March 6, 2023, <https://www.ahip.org/documents/AHIP-Comment-CY2024-Advance-Notice-Wakely-Report.pdf>.

⁵ Fierce Healthcare, "Audits—hidden until now—reveal millions in Medicare Advantage overcharges," Fred Schulte and Holly Hacker, November 21, 2022, <https://www.fiercehealthcare.com/payers/audits-hidden-until-now-reveal-millions-medicare-advantage-overcharges>; U.S. Department of Health and Human Services, Office of Inspector General, "Some Medicare Advantage Companies Leveraged Chart Reviews and Health Risk Assessments To Disproportionately Drive Payments," Suzanne Murrin, September 2021, <https://oig.hhs.gov/oei/reports/OEI-03-17-00474.pdf>; U.S. Department of Justice, "United States Files Civil Fraud Lawsuit Against Cigna For Artificially Inflating Its Medicare Advantage Payments," press release, October 17, 2022, <https://www.justice.gov/usao-sdny/pr/united-states-files-civil-fraud-lawsuit-against-cigna-artificially-inflating-its>.

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CMS's 2024 Advance Notice on Medicare Advantage Payment Rates

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Still, industry groups like AHIP and BMA are working to strong-arm CMS into delaying or watering down the proposed adjustments.⁸ But CMS's actions are more than justified. The agency routinely updates the data years and diagnostic codes in its MA risk adjustment model, and these steps are especially necessary given years of investigations uncovering rampant abuse in the MA program.⁹ The Medicare Payment Advisory Commission (MedPAC), a nonpartisan legislative agency, found that excess payments to private insurance companies in MA have cost the government nearly \$124 *billion* since 2007.¹⁰ Federal audits, lawsuits, and Inspectors General investigations have uncovered widespread overpayments,¹¹ abuses of the existing Risk Adjustment Processing System,¹² and outright fraud.¹³

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⁹ Centers for Medicare and Medicaid Services, "Frequently Asked Questions (FAQ) on Medicare Advantage 2024 Advance Notice," <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>; Medicare Payment Advisory Commission, "Medicare and the Health Care Delivery System," June 15, 2022, https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_v2_SEC.pdf.

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Health care experts have also praised the Advance Notice as a necessary departure from systemic overpayments in the MA program. A letter from 19 health care experts, including former CMS Administrator Don Berwick and former CMS Deputy Administrator Richard Gilfillan, argued that the Advance Notice would help ensure “appropriate financial payments and stewardship for MA Funds, fair payments to enable excellent care for sicker patients, sustainability of the overall Medicare program and security for all beneficiaries.”¹⁴ More than 30 health economists and policy analysts similarly supported the Advance Notice while noting that it was potentially “too generous to MA plans,” leaving in place “ample room to prosper financially.”¹⁵

CMS’ Proposal Would Limit Profiteering in Medicare Advantage

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The outsized margins that private insurers earn in Medicare Advantage have led to skyrocketing profits.²⁰ In 2022, the seven major Medicare Advantage health care insurers – UnitedHealthcare, CVS/Aetna, Cigna, Elevance Health, Humana, Centene, and Molina – brought in revenues of \$1.25 trillion and reported total profits of \$69.3 billion, a 287% increase in profits since 2012.²¹ But rather than investing in benefits for patients, these seven health insurers instead spent \$26.2 billion on stock buybacks.²² Your company, after paying you a \$17.1 million salary and paying

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¹⁷ Medicare Payment Advisory Commission, “The Medicare Advantage program: Status report and mandated report on dual-eligible special needs plans,” March 2022, p.431,

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out \$2.5 billion in stock buybacks and dividends to shareholders last year,²³ authorized an additional \$3 billion in stock buybacks last month.²⁴

Despite the billions of excess profits health insurers make in Medicare Advantage each year, BMA and AHIP, both of which include your company as a member, claim that the Advance Notice would lead to “higher premiums, more out-of-pocket costs, benefits eliminated, and fewer choices.”²⁵ It is outrageous that industry groups, on your behalf, are putting your plan’s enormous profits over care for seniors.

Conclusion

Medicare Advantage currently provides health care for more than 30 million seniors and people with disabilities,²⁶ and these enrollees deserve quality and affordable health care, not threats from insurers that are making billions in profits. Despite the outrageous profits your company and the other major health insurers bring in from Medicare Advantage, industry groups are still working to scare seniors and people with disabilities into opposing changes that will reduce waste, fraud, and abuse. In order to understand whether BMA and AHIP’s statements are representative of the insurers providing care in Medicare Advantage, we request answers to the following questions no later than March 29, 2023:

1. For each of the past five years, please provide the following information:
 - a. The number of Medicare beneficiaries enrolled in a Humana Medicare Advantage plan.
 - b. The revenue Humana received from the Medicare program for these enrollees.
 - c. The gross profits Humana made in its Medicare Advantage line of business.
 - d. The proportion of your Medicare Advantage revenues tied to a subcapitated payment arrangement where the provider receives a proportion of the risk-adjusted premium.
 - e. Your company’s gross and net profits for Medicare enrollees in a subcapitated payment arrangement where the provider receives 50% or more of the risk-adjusted premium.
 - f. Your company’s gross and net profits for Medicare enrollees not in a subcapitated payment arrangement.

²³ Securities and Exchange Commission, Humana Inc., Schedule 14A, March 8, 2023, p. 44, 62, <https://www.sec.gov/ix?doc=/Archives/edgar/data/49071/000119312523063813/d458267ddef14a.htm>.

²⁴ Securities and Exchange Commission, Humana, Inc., Form 10-K, February 16, 2023, p. 39, <https://www.sec.gov/ix?doc=/Archives/edgar/data/49071/000004907123000011/hum-20221231.htm>.

²⁵ Letter from Better Medicare Alliance Vice President of Government Affairs Chris Long to Congress, February 7, 2023, <https://www.politico.com/f/?id=00000186-31f7-d37d-a7e7-3bff9aab0000>.

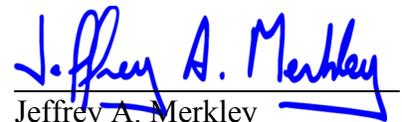
²⁶ Fierce Healthcare, “CMS data: Medicare Advantage tops 30M,” Paige Minemyer, January 17, 2023, <https://www.fiercehealthcare.com/payers/cms-data-medicare-advantage-tops-30m>.

2. Factoring in the effects of the proposed payment changes in the Advance Notice, what are Humana's expected profits in 2024 compared to what you expected for 2024?
 - a. Will you commit to limiting stock buybacks and dividends if Humana does not reach its financial goal?
 - b. Will you limit operating margins or marketing to meet your financial goal?
3. Humana recently announced an end to its Employer Group Commercial Medical Products business to focus on its government-funded programs including Medicare Advantage and specialty businesses.²⁷
 - a. What percentage of Humana's profits come from Medicare Advantage?
 - b. What percent of your members are enrolled in Medicare Advantage?
 - c. Was this shift made because you believed it would allow the company to maximize profits from the Medicare Advantage program?
4. Does your organization agree with AHIP and BMA regarding the potential impact of the 2024 Advance Notice on Medicare beneficiaries?
 - a. Were you or any other senior executives involved in the drafting of the AHIP or the BMA comment letter?
5. Do you expect that the proposed payment changes will affect Humana's ability to deliver the Medicare Part A and Part B covered services to which Medicare beneficiaries are entitled?

Sincerely,



Elizabeth Warren
United States Senator



Jeffrey A. Merkley
United States Senator

²⁷ Humana, "Humana to Exit Employer Group Commercial Medical Products Business," press release, February 23, 2023, <https://press.humana.com/news/news-details/2023/Humana-to-Exit-Employer-Group-Commercial-Medical-Products-Business/default.aspx#gsc.tab=0>.

United States Senate

WASHINGTON, DC 20510

March 22, 2023

Gail Boudreaux
President and Chief Executive Officer
Elevance Health
220 Virginia Avenue
Indianapolis, IN, 46204

Dear Ms. Boudreaux:

We write today regarding the outsize profits your company has earned in the Medicare Advantage program, the extraordinary salaries paid to you and other executives, and the billions your company has spent on dividends and buybacks. The seven major health care companies that cover 70% of the MA market, of which Elevance Health is one, brought in over \$1 *trillion* in total revenue and over \$69 billion in profits just in 2022.¹ Your company alone earned over \$6 billion in profits in 2022.²

The Centers for Medicare and Medicaid Services' (CMS) 2024 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (the Advance Notice) makes a series of risk adjustments and technical updates based on the current costs of health care.³ Despite the fact that the Advance Notice would *increase* overall revenues for MA plans, industry groups representing your company and other insurers, such as Better Medicare Alliance (BMA) and AHIP (America's Health Insurance Plans) have warned that policy changes in the Advance Notice would result in poorer quality care and "threaten the stability of benefits for 30 million" MA enrollees.⁴ Given these outsized profits and the long history of corporate profiteering in the MA program,⁵ we are requesting information

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² Securities and Exchange Commission, Elevance Health, Form 10-K, February 15, 2023, p. 45, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1156039/000115603923000007/elv-20221231.htm>.

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billion on stock buybacks.²² Your company spent more than \$2 billion on stock buybacks in 2022,²³ and you personally received compensation of more than \$19 million in 2021 alone.²⁴

Despite the billions of excess profits health insurers make in Medicare Advantage each year, AHIP, which includes your company as a member, and BMA claim that the Advance Notice would lead to “higher premiums, more out-of-pocket costs, benefits eliminated, and fewer choices.”²⁵ It is outrageous that industry groups, on your behalf, are putting your plan’s enormous profits over care for seniors.

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²³ Securities and Exchange Commission, Elevance Health, Form 10-K, February 15, 2023, p. 60, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1156039/000115603923000007/elv-20221231.htm>.

²⁴ Securities and Exchange Commission, Anthem, Schedule 14A, April 1, 2022, p. 57, <https://www.sec.gov/Archives/edgar/data/1156039/000115603922000047/a2022proxystatement.htm>.

²⁵ Letter to Congress from Better Medicare Alliance Vice President of Government Affairs Chris Long, February 7, 2023, <https://www.politico.com/f/?id=00000186-31f7-d37d-a7e7-3bff9aab0000>.

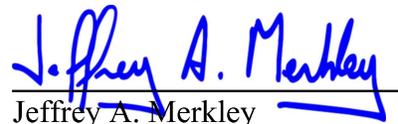
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- a. Will you commit to limiting stock buybacks and dividends if Elevance Health does not reach its financial goal?
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3. Does your organization agree with AHIP and BMA regarding the potential impact of the 2024 Advance Notice on Medicare beneficiaries?
- a. Were you or any other senior executives involved in the drafting of the AHIP comment letter?
4. Do you expect that the proposed payment changes will affect Elevance Health's ability to deliver the Medicare Part A and Part B covered services to which Medicare beneficiaries are entitled?

Sincerely,



Elizabeth Warren
United States Senator



Jeffrey A. Merkley
United States Senator

United States Senate

WASHINGTON, DC 20510

March 22, 2023

Karen S. Lynch
President and CEO
CVS Health
1 CVS Dr.
Woonsocket, RI 02895

Dear Ms. Lynch:

We write today regarding the outsize profits your company has earned in the Medicare Advantage program, the extraordinary salaries paid to you and other executives, and the billions your company has spent on dividends and buybacks. The seven major health care companies that cover 70% of the MA market, of which CVS/Aetna is one, brought in over \$1 *trillion* in total revenue and over \$69 billion in profits just in 2022.¹ Your company alone earned over \$4 billion in profits in 2022.²

The Centers for Medicare and Medicaid Services' (CMS) 2024 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (the Advance Notice) makes a series of risk adjustments and technical updates based on the current costs of health care.³ Despite the fact that the Advance Notice would *increase* overall revenues for MA plans, industry groups representing your company and other insurers, such as Better Medicare Alliance (BMA) and AHIP (America's Health Insurance Plans) have warned that policy changes in the Advance Notice would result in poorer quality care and "threaten the stability of benefits for 30 million" MA enrollees.⁴ Given these outsized profits and the long history of corporate profiteering in the MA program,⁵ we are requesting information

¹ Health Care Un-Covered, "BIG INSURANCE 2022: Revenues reached \$1.25 trillion thanks to sucking billions out of the pharmacy supply chain – and taxpayers' pockets," Wendell Potter, February 27, 2023, <https://wendellpotter.substack.com/p/big-insurance-2022-revenues-reached>.

² Securities and Exchange Commission, CVS Health Corporation, Form 10-K, February 8, 2023, p. 107, <https://www.sec.gov/ix?doc=/Archives/edgar/data/64803/000006480323000009/cvs-20221231.htm#>.

³ Centers for Medicare and Medicaid Services, "Advance Notice of Methodological Changes for Calendar Year (CY) 2024 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies," February 1, 2023, <https://www.cms.gov/files/document/2024-advance-notice.pdf>.

⁴ Letter from AHIP President & Chief Executive Officer Matthew Eyles to the Centers for Medicare and Medicaid Services, March 6, 2023, <https://www.ahip.org/documents/AHIP-Comment-CY2024-Advance-Notice-Wakely-Report.pdf>.

⁵ Fierce Healthcare, "Audits—hidden until now—reveal millions in Medicare Advantage overcharges," Fred Schulte and Holly Hacker, November 21, 2022, <https://www.fiercehealthcare.com/payers/audits-hidden-until-now-reveal-millions-medicare-advantage-overcharges>; U.S. Department of Health and Human Services, Office of Inspector General, "Some Medicare Advantage Companies Leveraged Chart Reviews and Health Risk Assessments To Disproportionately Drive Payments," Suzanne Murrin, September 2021, <https://oig.hhs.gov/oei/reports/OEI-03-17-00474.pdf>; U.S. Department of Justice, "United States Files Civil Fraud Lawsuit Against Cigna For Artificially Inflating Its Medicare Advantage Payments," press release, October 17, 2022, <https://www.justice.gov/usao-sdny/pr/united-states-files-civil-fraud-lawsuit-against-cigna-artificially-inflating-its>.

from your company about whether CVS/Aetna would take actions that hurt seniors, as industry groups are claiming, instead of reducing exorbitant salaries or the massive payouts to your shareholders and executives.

CMS's 2024 Advance Notice on Medicare Advantage Payment Rates

CMS announced the 2024 Advance Notice on February 1, 2023. The announcement includes routine technical updates and improvements to its payment methodology, including a proposal to update the risk adjustment model to ensure Medicare payments more accurately reflect what it costs to care for beneficiaries enrolled in MA plans.⁶ Taken together, these proposals would send an additional \$4 billion to Medicare Advantage plans in 2024.⁷

Still, industry groups like AHIP and BMA are working to strong-arm CMS into delaying or watering down the proposed adjustments.⁸ But CMS's actions are more than justified. The agency routinely updates the data years and diagnostic codes in its MA risk adjustment model, and these steps are especially necessary given years of investigations uncovering rampant abuse in the MA program.⁹ The Medicare Payment Advisory Commission (MedPAC), a nonpartisan legislative agency, found that excess payments to private insurance companies in MA have cost the government nearly \$124 *billion* since 2007.¹⁰ Federal audits, lawsuits, and Inspectors General investigations have uncovered widespread overpayments,¹¹ abuses of the existing Risk Adjustment Processing System,¹² and outright fraud.¹³

⁶ Center for Medicare and Medicaid Services, "Advance Notice of Methodological Changes for Calendar Year (CY) 2024 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies," February 1, 2023, <https://www.cms.gov/files/document/2024-advance-notice.pdf>.

⁷ Centers for Medicare and Medicaid Services, "Frequently Asked Questions (FAQ) on the Medicare Advantage 2024 Advance Notice," p. 1, <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>.

⁸ Roll Call, "Insurers, Republicans square off with Biden on Medicare 'cuts'," Jessie Hellmann, February 22, 2023, <https://rollcall.com/2023/02/22/insurers-republicans-square-off-with-biden-on-medicare-cuts/>; Letter from Better Medicare Alliance to the Centers for Medicare and Medicaid Services, March 6, 2023, https://bettermedicarealliance.org/wp-content/uploads/2023/03/Better-Medicare-Alliance-CY-2024-MA-Advance-Notice-Comment_FIN-3.6.23.pdf; Letter from AHIP to the Centers for Medicare and Medicaid Services, March 6, 2023, <https://www.ahip.org/resources/ahip-submits-comments-on-cy2024-advance-rate-notice>.

⁹ Centers for Medicare and Medicaid Services, "Frequently Asked Questions (FAQ) on the Medicare Advantage 2024 Advance Notice," <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>; Medicare Payment Advisory Commission, "Medicare and the Health Care Delivery System," June 15, 2022, https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_v2_SEC.pdf.

¹⁰ Medicare Payment Advisory Commission, "The Medicare Advantage program: Status report," Luis Serna and Andy Johnson, January 12, 2023, p. 13, <https://www.medpac.gov/wp-content/uploads/2023/01/MedPAC-MA-status-report-Jan-2023.pdf>.

¹¹ Fierce Healthcare, "Audits—hidden until now—reveal millions in Medicare Advantage overcharges," Fred Schulte and Holly Hacker, November 21, 2022, <https://www.fiercehealthcare.com/payers/audits-hidden-until-now-reveal-millions-medicare-advantage-overcharges>.

¹² U.S. Department of Health and Human Services, Office of Inspector General, "Some Medicare Advantage Companies Leveraged Chart Reviews and Health Risk Assessments To Disproportionately Drive Payments," Suzanne Murrin, September 2021, <https://oig.hhs.gov/oei/reports/OEI-03-17-00474.pdf>.

¹³ U.S. Department of Justice, "United States Files Civil Fraud Lawsuit Against Cigna For Artificially Inflating Its Medicare Advantage Payments," press release, October 17, 2022, <https://www.justice.gov/usao-sdny/pr/united-states-files-civil-fraud-lawsuit-against-cigna-artificially-inflating-its>.

Health care experts have also praised the Advance Notice as a necessary departure from systemic overpayments in the MA program. A letter from 19 health care experts, including former CMS Administrator Don Berwick and former CMS Deputy Administrator Richard Gilfillan, argued that the Advance Notice would help ensure “appropriate financial payments and stewardship for MA Funds, fair payments to enable excellent care for sicker patients, sustainability of the overall Medicare program and security for all beneficiaries.”¹⁴ More than 30 health economists and policy analysts similarly supported the Advance Notice while noting that it was potentially “too generous to MA plans,” leaving in place “ample room to prosper financially.”¹⁵

CMS’ Proposal Would Limit Profiteering in Medicare Advantage

MA plans are consistently paid more for seniors’ care, and MedPAC projects that total Medicare payments to MA plans in 2023 will be \$27 billion higher than if MA beneficiaries were enrolled in traditional Medicare.¹⁶ Despite its promise of better care for lower costs, Medicare Advantage overall has never achieved savings for the federal government in any year since its inception,¹⁷ and federal investigators have found that seniors frequently face denials of necessary care from the private plans promising them better coverage.¹⁸ An analysis by the Kaiser Family Foundation found that “insurers continue to report much higher gross margins per enrollee in the Medicare Advantage market than in other health insurance markets,” averaging \$1,730 per employee in 2021, or “at least double the margins reported by insurers” in other markets.¹⁹

The outsized margins that private insurers earn in Medicare Advantage have led to skyrocketing profits.²⁰ In 2022, the seven major Medicare Advantage health care insurers – UnitedHealthcare, CVS/Aetna, Cigna, Elevance Health, Humana, Centene, and Molina – brought in revenues of \$1.25 trillion and reported total profits of \$69.3 billion, a 287% increase in profits since 2012.²¹ But rather than investing in benefits for patients, these seven health insurers instead spent \$26.2 billion on stock buybacks.²² You personally received compensation of more than \$20 million for

¹⁴ Letter from Scott Armstrong et al. to the Centers for Medicare and Medicaid Services, March 6, 2023.

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¹⁶ Medicare Payment Advisory Commission, “The Medicare Advantage Program: Status Report,” March 2023, p. 324,

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¹⁷ Medicare Payment Advisory Commission, “The Medicare Advantage program: status report and mandated report on dual-eligible special needs plans,” March 2022, p. 431,

https://www.medpac.gov/wp-content/uploads/2022/03/Mar22_MedPAC_ReportToCongress_Ch12_SEC.pdf.

¹⁸ The New York Times, “Medicare Advantage Plans Often Deny Needed Care, Federal Report Finds,” Reed Abelson, April 28, 2022, <https://www.nytimes.com/2022/04/28/health/medicare-advantage-plans-report.html>.

¹⁹ Kaiser Family Foundation, “Medicare Advantage Insurers Report Much Higher Gross Margins Per Enrollee Than Insurers in Other Markets,” Craig Palosky, February 28, 2023,

<https://www.kff.org/medicare/press-release/medicare-advantage-insurers-report-much-higher-gross-margins-per-enrollee-than-insurers-in-other-markets/>.

²⁰ NPR, “Medicare Advantage’s cost to taxpayers has soared in recent years, research finds,” Fred Schulte, November 11, 2021, <https://www.npr.org/sections/health-shots/2021/11/11/1054281885/medicare-advantage-overcharges-exploding>.

²¹ Health Care Un-Covered, “BIG INSURANCE 2022: Revenues reached \$1.25 trillion thanks to sucking billions out of the pharmacy supply chain – and taxpayers’ pockets,” Wendell Potter, February 27, 2023,

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2021,²³ while your company continues to authorize billions in stock buybacks, including authorizing \$10 billion last December.²⁴

Despite the billions of excess profits health insurers make in Medicare Advantage each year, BMA and AHIP, both of which include your company as a member, claim that the Advance Notice would lead to “higher premiums, more out-of-pocket costs, benefits eliminated, and fewer choices.”²⁵ It is outrageous that industry groups, on your behalf, are putting your plan’s enormous profits over care for seniors.

Conclusion

Medicare Advantage currently provides health care for more than 30 million seniors and people with disabilities,²⁶ and these enrollees deserve quality and affordable health care, not threats from insurers that are making billions in profits. Despite the outrageous profits your company and the other major health insurers bring in from Medicare Advantage, industry groups are still working to scare seniors and people with disabilities into opposing changes that will reduce waste, fraud, and abuse. In order to understand whether BMA and AHIP’s statements are representative of the insurers providing care in Medicare Advantage, we request answers to the following questions no later than March 29, 2023:

1. For each of the past five years, please provide the following information:
 - a. The number of Medicare beneficiaries enrolled in a CVS/Aetna Medicare Advantage plan.
 - b. The revenue CVS/Aetna received from the Medicare program for these enrollees.
 - c. The gross profits CVS/Aetna made in its Medicare Advantage line of business.
 - d. The proportion of your Medicare Advantage revenues tied to a subcapitated payment arrangement where the provider receives a proportion of the risk-adjusted premium.
 - e. Your company’s gross and net profits for Medicare enrollees in a subcapitated payment arrangement where the provider receives 50% or more of the risk-adjusted premium.
 - f. Your company’s gross and net profits for Medicare enrollees not in a subcapitated payment arrangement.

²³ Securities and Exchange Commission, CVS Health Corporation, Schedule 14A, April 1, 2022, p. 72, <https://www.sec.gov/Archives/edgar/data/64803/000120677422000965/cvs3990751-def14a.htm>.

²⁴ Securities and Exchange Commission, CVS Health Corporation, Form 10-K, February 8, 2023, p. 89, <https://www.sec.gov/ix?doc=/Archives/edgar/data/64803/000006480323000009/cvs-20221231.htm#>.

²⁵ Letter to Congress from Better Medicare Alliance Vice President of Government Affairs Chris Long, February 7, 2023, <https://www.politico.com/f/?id=00000186-31f7-d37d-a7e7-3bff9aab0000>.

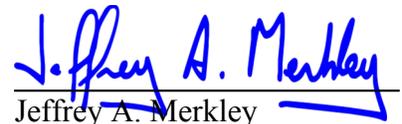
²⁶ Fierce Healthcare, “CMS data: Medicare Advantage tops 30M,” Paige Minemyer, January 17, 2023, <https://www.fiercehealthcare.com/payers/cms-data-medicare-advantage-tops-30m>.

2. Factoring in the effects of the proposed payment changes in the Advance Notice, what are CVS/Aetna's expected profits in 2024 compared to what you expected for 2024?
 - a. Will you commit to limiting stock buybacks and dividends if CVS/Aetna does not reach its financial goal?
 - b. Will you limit operating margins or marketing to meet your financial goal?
3. Does your organization agree with AHIP and BMA regarding the potential impact of the 2024 Advance Notice on Medicare beneficiaries?
 - a. Were you or any other senior executives involved in the drafting of the AHIP or the BMA comment letter?
4. Do you expect that the proposed payment changes will affect CVS/Aetna's ability to deliver the Medicare Part A and Part B covered services to which Medicare beneficiaries are entitled?

Sincerely,



Elizabeth Warren
United States Senator



Jeffrey A. Merkley
United States Senator

United States Senate

WASHINGTON, DC 20510

March 22, 2023

David Cordani
President and Chief Executive Officer
The Cigna Group
900 Cottage Grove Road
Bloomfield, CT 06002

Dear Mr. Cordani:

We write today regarding the outsize profits your company has earned in the Medicare Advantage program, the extraordinary salaries paid to you and other executives, and the billions your company has spent on dividends and buybacks. The seven major health care companies that cover 70% of the MA market, of which Cigna is one, brought in over \$1 *trillion* in total revenue and over \$69 billion in profits just in 2022.¹ Your company alone earned over \$6.7 billion in profits in 2022.²

The Centers for Medicare and Medicaid Services' (CMS) 2024 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (the Advance Notice) makes a series of risk adjustments and technical updates based on the current costs of health care.³ Despite the fact that the Advance Notice would *increase* overall revenues for MA plans, industry groups representing your company and other insurers, such as Better Medicare Alliance (BMA) and AHIP (America's Health Insurance Plans) have warned that policy changes in the Advance Notice would result in poorer quality care and "threaten the stability of benefits for 30 million" MA enrollees.⁴ Given these outsized profits and the long history of corporate profiteering in the MA program,⁵ we are requesting information from your company about whether Cigna would take actions that hurt seniors, as industry groups

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² Securities and Exchange Commission, The Cigna Group, Form 10-K, February 23, 2023, p. 54, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1739940/000173994023000008/ci-20221231.htm>.

³ Centers for Medicare and Medicaid Services, "Advance Notice of Methodological Changes for Calendar Year (CY) 2024 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies," February 1, 2023, <https://www.cms.gov/files/document/2024-advance-notice.pdf>.

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Health care experts have also praised the Advance Notice as a necessary departure from systemic overpayments in the MA program. A letter from 19 health care experts, including former CMS

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⁷ Centers for Medicare and Medicaid Services, "Frequently Asked Questions (FAQ) on the Medicare Advantage 2024 Advance Notice," p. 1, <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>.

⁸ Roll Call, "Insurers, Republicans square off with Biden on Medicare 'cuts'," Jessie Hellmann, February 22, 2023, <https://rollcall.com/2023/02/22/insurers-republicans-square-off-with-biden-on-medicare-cuts/>; Letter from Better Medicare Alliance to the Centers for Medicare and Medicaid Services, March 6, 2023, https://bettermedicarealliance.org/wp-content/uploads/2023/03/Better-Medicare-Alliance-CY-2024-MA-Advance-Notice-Comment_FIN-3.6.23.pdf; Letter from AHIP to the Centers for Medicare and Medicaid Services, March 6, 2023, <https://www.ahip.org/resources/ahip-submits-comments-on-cy2024-advance-rate-notice>.

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billion on stock buybacks.²² Your company spent \$7.6 billion on stock buybacks in 2022,²³ and you personally received compensation of more than \$20 million in 2022 alone.²⁴

Despite the billions of excess profits health insurers make in Medicare Advantage each year, AHIP, which includes your company as a member, and BMA claim that the Advance Notice would lead to “higher premiums, more out-of-pocket costs, benefits eliminated, and fewer choices.”²⁵ It is outrageous that industry groups, on your behalf, are putting your plan’s enormous profits over care for seniors.

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 - c. The gross profits Cigna made in its Medicare Advantage line of business.
 - d. The proportion of your Medicare Advantage revenues tied to a subcapitated payment arrangement where the provider receives a proportion of the risk-adjusted premium.
 - e. Your company’s gross and net profits for Medicare enrollees in a subcapitated payment arrangement where the provider receives 50% or more of the risk-adjusted premium.

²² Health Care Un-Covered, “The Big Seven health insurers spent \$26.2 billion buying back their own stocks in 2022 to enrich CEOs, shareholders,” Wendell Potter, March 6, 2023, <https://wendellpotter.substack.com/p/the-big-seven-health-insurers-spent>.

²³ Securities and Exchange Commission, The Cigna Group, Form 10-K, February 23, 2023, p. 61, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1739940/000173994023000008/ci-20221231.htm>.

²⁴ Securities and Exchange Commission, The Cigna Group, Schedule 14A, March 6, 2023, p. 75, https://www.sec.gov/ix?doc=/Archives/edgar/data/1739940/000114036123010310/ny20006075x1_pre14a.htm.

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3. Does your organization agree with AHIP and BMA regarding the potential impact of the 2024 Advance Notice on Medicare beneficiaries?
 - a. Were you or any other senior executives involved in the drafting of the AHIP comment letter?
4. Do you expect that the proposed payment changes will affect Cigna's ability to deliver the Medicare Part A and Part B covered services to which Medicare beneficiaries are entitled?

Sincerely,



Elizabeth Warren
United States Senator



Jeffrey A. Merkley
United States Senator

United States Senate

WASHINGTON, DC 20510

March 22, 2023

Sarah London
Chief Executive Officer
Centene Corporation
Centene Plaza, 7700 Forsyth Boulevard
St. Louis, MO 63105

Dear Ms. London:

We write today regarding the outsize profits your company has earned in the Medicare Advantage program, the extraordinary salaries paid to you and other executives, and the billions your company has spent on dividends and buybacks. The seven major health care companies that cover 70% of the MA market, of which Centene is one, brought in over \$1 *trillion* in total revenue and over \$69 billion in profits just in 2022.¹ Your company alone earned over \$1.2 billion in profits in 2022, with 88% of total premiums and services revenue coming from contracts with the federal government.²

The Centers for Medicare and Medicaid Services' (CMS) 2024 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (the Advance Notice) makes a series of risk adjustments and technical updates based on the current costs of health care.³ Despite the fact that the Advance Notice would *increase* overall revenues for MA plans, industry groups representing your company and other insurers, such as Better Medicare Alliance (BMA) and AHIP (America's Health Insurance Plans) have warned that policy changes in the Advance Notice would result in poorer quality care and "threaten the stability of benefits for 30 million" MA enrollees.⁴ Given these outsized profits and the long history of corporate profiteering in the MA program,⁵ we are requesting information

¹ Health Care Un-Covered, "BIG INSURANCE 2022: Revenues reached \$1.25 trillion thanks to sucking billions out of the pharmacy supply chain – and taxpayers' pockets," Wendell Potter, February 27, 2023, <https://wendellpotter.substack.com/p/big-insurance-2022-revenues-reached>.

² Securities and Exchange Commission, Centene Corporation, Form 10-K, February 21, 2023, p. 45, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1071739/000107173923000047/cnc-20221231.htm>; Health Care Un-Covered, "BIG INSURANCE 2022: Revenues reached \$1.25 trillion thanks to sucking billions out of the pharmacy supply chain – and taxpayers' pockets," Wendell Potter, February 27, 2023, <https://wendellpotter.substack.com/p/big-insurance-2022-revenues-reached>.

³ Centers for Medicare and Medicaid Services, "Advance Notice of Methodological Changes for Calendar Year (CY) 2024 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies," February 1, 2023, <https://www.cms.gov/files/document/2024-advance-notice.pdf>.

⁴ Letter from AHIP President & Chief Executive Officer Matthew Eyles to the Centers for Medicare and Medicaid Services, March 6, 2023, <https://www.ahip.org/documents/AHIP-Comment-CY2024-Advance-Notice-Wakely-Report.pdf>.

⁵ Fierce Healthcare, "Audits—hidden until now—reveal millions in Medicare Advantage overcharges," Fred Schulte and Holly Hacker, November 21, 2022, <https://www.fiercehealthcare.com/payers/audits-hidden-until-now-reveal-millions-medicare-advantage-overcharges>; U.S. Department of Health and Human Services, Office of Inspector General, "Some Medicare Advantage Companies Leveraged Chart Reviews and Health Risk Assessments To

from your company about whether Centene would take actions that hurt seniors, as industry groups are claiming, instead of reducing exorbitant salaries or the massive payouts to your shareholders and executives.

CMS's 2024 Advance Notice on Medicare Advantage Payment Rates

CMS announced the 2024 Advance Notice on February 1, 2023. The announcement includes routine technical updates and improvements to its payment methodology, including a proposal to update the risk adjustment model to ensure Medicare payments more accurately reflect what it costs to care for beneficiaries enrolled in MA plans.⁶ Taken together, these proposals would send an additional \$4 billion to Medicare Advantage plans in 2024.⁷

Still, industry groups like AHIP and BMA are working to strong-arm CMS into delaying or watering down the proposed adjustments.⁸ But CMS's actions are more than justified. The agency routinely updates the data years and diagnostic codes in its MA risk adjustment model, and these steps are especially necessary given years of investigations uncovering rampant abuse in the MA program.⁹ The Medicare Payment Advisory Commission (MedPAC), a nonpartisan legislative agency, found that excess payments to private insurance companies in MA have cost the government nearly \$124 *billion* since 2007.¹⁰ Federal audits, lawsuits, and Inspectors General investigations have uncovered widespread overpayments,¹¹ abuses of the existing Risk Adjustment Processing System,¹² and outright fraud.¹³

Disproportionately Drive Payments,” Suzanne Murrin, September 2021, <https://oig.hhs.gov/oei/reports/OEI-03-17-00474.pdf>; U.S. Department of Justice, “United States Files Civil Fraud Lawsuit Against Cigna For Artificially Inflating Its Medicare Advantage Payments,” press release, October 17, 2022,

<https://www.justice.gov/usao-sdny/pr/united-states-files-civil-fraud-lawsuit-against-cigna-artificially-inflating-its>.⁶ Centers for Medicare and Medicaid Services, “Advance Notice of Methodological Changes for Calendar Year (CY) 2024 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies,” February 1, 2023, <https://www.cms.gov/files/document/2024-advance-notice.pdf>.

⁷ Centers for Medicare and Medicaid Services, “Frequently Asked Questions (FAQ) on the Medicare Advantage 2024 Advance Notice,” p. 1, <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>.

⁸ Roll Call, “Insurers, Republicans square off with Biden on Medicare ‘cuts,’” Jessie Hellmann, February 22, 2023, <https://rollcall.com/2023/02/22/insurers-republicans-square-off-with-biden-on-medicare-cuts/>; Letter from Better Medicare Alliance to the Centers for Medicare and Medicaid Services, March 6, 2023,

https://bettermedicarealliance.org/wp-content/uploads/2023/03/Better-Medicare-Alliance-CY-2024-MA-Advance-Notice-Comment_FIN-3.6.23.pdf; Letter from AHIP to the Centers for Medicare and Medicaid Services, March 6, 2023, <https://www.ahip.org/resources/ahip-submits-comments-on-cy2024-advance-rate-notice>.

⁹ Centers for Medicare and Medicaid Services, “Frequently Asked Questions (FAQ) on Medicare Advantage 2024 Advance Notice,” <https://www.cms.gov/files/document/2024-advance-notice-faq.pdf>; Medicare Payment Advisory Commission, “Medicare and the Health Care Delivery System,” June 15, 2022, https://www.medpac.gov/wp-content/uploads/2022/06/Jun22_MedPAC_Report_to_Congress_v2_SEC.pdf.

¹⁰ Medicare Payment Advisory Commission, “The Medicare Advantage program: Status report,” Luis Serna and Andy Johnson, January 12, 2023, p. 13, <https://www.medpac.gov/wp-content/uploads/2023/01/MedPAC-MA-status-report-Jan-2023.pdf>.

¹¹ Fierce Healthcare, “Audits—hidden until now—reveal millions in Medicare Advantage overcharges,” Fred Schulte and Holly Hacker, November 21, 2022, <https://www.fiercehealthcare.com/payers/audits-hidden-until-now-reveal-millions-medicare-advantage-overcharges>.

¹² U.S. Department of Health and Human Services, Office of Inspector General, “Some Medicare Advantage Companies Leveraged Chart Reviews and Health Risk Assessments To Disproportionately Drive Payments,” Suzanne Murrin, September 2021, <https://oig.hhs.gov/oei/reports/OEI-03-17-00474.pdf>.

¹³ U.S. Department of Justice, “United States Files Civil Fraud Lawsuit Against Cigna For Artificially Inflating Its Medicare Advantage Payments,” press release, October 17, 2022, <https://www.justice.gov/usao-sdny/pr/united->

Health care experts have also praised the Advance Notice as a necessary departure from systemic overpayments in the MA program. A letter from 19 health care experts, including former CMS Administrator Don Berwick and former CMS Deputy Administrator Richard Gilfillan, argued that the Advance Notice would help ensure “appropriate financial payments and stewardship for MA Funds, fair payments to enable excellent care for sicker patients, sustainability of the overall Medicare program and security for all beneficiaries.”¹⁴ More than 30 health economists and policy analysts similarly supported the Advance Notice while noting that it was potentially “too generous to MA plans,” leaving in place “ample room to prosper financially.”¹⁵

CMS’ Proposal Would Limit Profiteering in Medicare Advantage

MA plans are consistently paid more for seniors’ care, and MedPAC projects that total Medicare payments to MA plans in 2023 will be \$27 billion higher than if MA beneficiaries were enrolled in traditional Medicare.¹⁶ Despite its promise of better care for lower costs, Medicare Advantage overall has never achieved savings for the federal government in any year since its inception,¹⁷ and federal investigators have found that seniors frequently face denials of necessary care from the private plans promising them better coverage.¹⁸ An analysis by the Kaiser Family Foundation found that “insurers continue to report much higher gross margins per enrollee in the Medicare Advantage market than in other health insurance markets,” averaging \$1,730 per employee in 2021, or “at least double the margins reported by insurers” in other markets.¹⁹

The outsized margins that private insurers earn in Medicare Advantage have led to skyrocketing profits.²⁰ In 2022, the seven major Medicare Advantage health care insurers – UnitedHealthcare, CVS/Aetna, Cigna, Elevance Health, Humana, Centene, and Molina – brought in revenues of \$1.25 trillion and reported total profits of \$69.3 billion, a 287% increase in profits since 2012.²¹ But rather than investing in benefits for patients, these seven health insurers instead spent \$26.2

[states-files-civil-fraud-lawsuit-against-cigna-artificially-inflating-its.](#)

¹⁴ Letter from Scott Armstrong et al. to the Centers for Medicare and Medicaid Services, March 6, 2023.

¹⁵ Letter from James G. Kahn et al. to the Centers for Medicare and Medicaid Services, March 3, 2023.

¹⁶ Medicare Payment Advisory Commission, “The Medicare Advantage Program: Status Report,” March 2023, p. 324,

https://www.medpac.gov/wp-content/uploads/2023/03/Ch11_Mar23_MedPAC_Report_To_Congress_SEC.pdf.

¹⁷ Medicare Payment Advisory Commission, “The Medicare Advantage program: status report and mandated report on dual-eligible special needs plans,” March 2022, p.431,

https://www.medpac.gov/wp-content/uploads/2022/03/Mar22_MedPAC_ReportToCongress_Ch12_SEC.pdf.

¹⁸ The New York Times, “Medicare Advantage Plans Often Deny Needed Care, Federal Report Finds,” Reed Abelson, April 28, 2022, <https://www.nytimes.com/2022/04/28/health/medicare-advantage-plans-report.html>.

¹⁹ Kaiser Family Foundation, “Medicare Advantage Insurers Report Much Higher Gross Margins Per Enrollee Than Insurers in Other Markets,” Craig Palosky, February 28, 2023,

<https://www.kff.org/medicare/press-release/medicare-advantage-insurers-report-much-higher-gross-margins-per-enrollee-than-insurers-in-other-markets/>.

²⁰ NPR, “Medicare Advantage's cost to taxpayers has soared in recent years, research finds,” Fred Schulte, November 11, 2021, <https://www.npr.org/sections/health-shots/2021/11/11/1054281885/medicare-advantage-overcharges-exploding>.

²¹ Health Care Un-Covered, “BIG INSURANCE 2022: Revenues reached \$1.25 trillion thanks to sucking billions out of the pharmacy supply chain – and taxpayers' pockets,” Wendell Potter, February 27, 2023, <https://wendellpotter.substack.com/p/big-insurance-2022-revenues-reached>.

billion on stock buybacks.²² Your company spent \$3 billion on stock buybacks in 2022,²³ and set CEO pay for 2021 at more than \$20 million.²⁴

Despite the billions of excess profits health insurers make in Medicare Advantage each year, AHIP, which includes your company as a member, and BMA claim that the Advance Notice would lead to “higher premiums, more out-of-pocket costs, benefits eliminated, and fewer choices.”²⁵ It is outrageous that industry groups, on your behalf, are putting your plan’s enormous profits over care for seniors.

Conclusion

Medicare Advantage currently provides health care for more than 30 million seniors and people with disabilities,²⁶ and these enrollees deserve quality and affordable health care, not threats from insurers that are making billions in profits. Despite the outrageous profits your company and the other major health insurers bring in from Medicare Advantage, industry groups are still working to scare seniors and people with disabilities into opposing changes that will reduce waste, fraud, and abuse. In order to understand whether BMA and AHIP’s statements are representative of the insurers providing care in Medicare Advantage, we request answers to the following questions no later than March 29, 2023:

1. For each of the past five years, please provide the following information:
 - a. The number of Medicare beneficiaries enrolled in a Centene Medicare Advantage plan.
 - b. The revenue Centene received from the Medicare program for these enrollees.
 - c. The gross profits Centene made in its Medicare Advantage line of business.
 - d. The proportion of your Medicare Advantage revenues tied to a subcapitated payment arrangement where the provider receives a proportion of the risk-adjusted premium.
 - e. Your company’s gross and net profits for Medicare enrollees in a subcapitated payment arrangement where the provider receives 50% or more of the risk-adjusted premium.

²² Health Care Un-Covered, “The Big Seven health insurers spent \$26.2 billion buying back their own stocks in 2022 to enrich CEOs, shareholders,” Wendell Potter, March 6, 2023, <https://wendellpotter.substack.com/p/the-big-seven-health-insurers-spent>.

²³ Securities and Exchange Commission, Centene Corporation, Form 10-K, February 21, 2023, p. 50, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1071739/000107173923000047/cnc-20221231.htm>.

²⁴ Securities and Exchange Commission, Centene Corporation, Schedule 14A, March 11, 2022, p. 78, https://www.sec.gov/Archives/edgar/data/1071739/000107173922000096/a202203def14aproxy.htm#i384d24ae27714eab982e477fd750c191_121.

²⁵ Letter to Congress from Better Medicare Alliance Vice President of Government Affairs Chris Long, February 7, 2023, <https://www.politico.com/f/?id=00000186-31f7-d37d-a7e7-3bff9aab0000>.

²⁶ Fierce Healthcare, “CMS data: Medicare Advantage tops 30M,” Paige Minemyer, January 17, 2023, <https://www.fiercehealthcare.com/payers/cms-data-medicare-advantage-tops-30m>.

- f. Your company's gross and net profits for Medicare enrollees not in a subcapitated payment arrangement.
2. Factoring in the effects of the proposed payment changes in the Advance Notice, what are Centene's expected profits in 2024 compared to what you expected for 2024?
 - a. Will you commit to limiting stock buybacks and dividends if Centene does not reach its financial goal?
 - b. Will you limit operating margins or marketing to meet your financial goal?
3. Does your organization agree with AHIP and BMA regarding the potential impact of the 2024 Advance Notice on Medicare beneficiaries?
 - a. Were you or any other senior executives involved in the drafting of the AHIP comment letter?
4. Do you expect that the proposed payment changes will affect Centene's ability to deliver the Medicare Part A and Part B covered services to which Medicare beneficiaries are entitled?

Sincerely,



Elizabeth Warren
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