



Medicare Advantage



The more than 66 million older adults and people with disabilities covered by Medicare deserve affordable, high-quality health coverage choices. Right now, private insurance companies offering Medicare Advantage (MA) plans — which cover more than half of the Medicare population — are [abusing the payment system](#) and increasing costs for Medicare beneficiaries and taxpayers by billions of dollars every year. These overpayments to MA insurers erode the integrity and fiscal sustainability of the Medicare program.

Arnold Ventures (AV) develops and advocates for policy changes that would rein in overpayments, abuse, and fraud, and hold insurers accountable for providing high-quality coverage to enrollees.

• Medicare Advantage Enrollment is Growing

- › MA is an important and growing part of the Medicare program, with [more than half](#) of Medicare enrollees now covered by private insurance companies, up from [1 in 3](#) in 2018.

• MA Costs Taxpayers and Seniors Billions Annually in Excess Payments

- › MA was created to deliver efficiencies and cost savings to the Medicare program. However, it has never produced savings relative to traditional Medicare, and it actually costs the program — and taxpayers — substantially more per enrollee, contributing to Medicare's fiscal challenges and threatening its solvency.
- › Overpayments to MA plans were an estimated [\\$83 billion](#) in 2024, driven in large part by their abusive billing practices.
- › Taxpayers paid [\\$50 billion](#) in excess payments in 2024 due to insurers' coding practices alone.
- › Premiums that all Medicare beneficiaries pay were [\\$13 billion higher](#) in 2024 due to overpayments to MA insurers.

• Waste, Abuse, and Fraud is Widespread

- › Multiple [federal lawsuits](#), [investigations](#), and [expert analyses](#) have documented and exposed the abusive and in some cases fraudulent billing practices MA insurers use to game the system and increase their Medicare payments.
- › [Audits](#) have found that insurers are reporting diagnostic codes through health risk assessments and chart reviews that in some cases have little or no connection to patients' health and for which enrollees [did not receive any care](#).

Why Congress and the Administration Should Enact Policy Reforms

MA insurers should be held accountable for abusive coding practices and other sources of overpayments. Reforms to rein in overpayments from coding would:

- Reduce Medicare spending and save taxpayers at least [\\$380 billion](#) over the next 10 years.
- Lower the premiums all Medicare beneficiaries pay by [\\$60 billion](#) over the next 10 years.
- Increase competition among MA insurers and level the playing field with traditional Medicare.

[Arnold Ventures](#) is a philanthropy that supports research to understand the root causes of America's most persistent and pressing problems, as well as evidence-based solutions to address them. By focusing on systemic change, AV is working to improve the lives of American families, strengthen their communities, and promote their economic opportunity. Since Laura and John Arnold launched their foundation in 2008, the philanthropy has expanded, and Arnold Ventures' focus areas include education, criminal justice, health, infrastructure, and public finance, advocating for bipartisan policy reforms that will lead to lasting, scalable change. The Arnolds became signatories of the Giving Pledge in 2010.