

Lawmakers Seek to Close VA Loophole That Funnels Billions to Private Medicare Insurers

A Wall Street Journal investigation found the federal government paid insurers billions of dollars to cover veterans in Medicare Advantage plans who were also getting healthcare through the VA

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The Minneapolis VA Medical Center in Minneapolis. Photo: Jenn Ackerman for WSJ

Key Points

What's This?

- Lawmakers are trying to close a loophole that lets insurers charge Medicare billions for veterans' VA care.
- A Wall Street Journal investigation found the government paid insurers \$44 billion from 2018-2021 for veterans in Medicare Advantage.
- The proposed bill would allow the VA to bill Medicare Advantage insurers for care, addressing what some call 'double dipping'.

A bipartisan group of lawmakers is aiming to close a loophole that allows large healthcare insurers to charge Medicare billions of dollars to cover veterans who get some or all of their treatment through the taxpayer-funded U.S. Department of Veterans Affairs health system.

The group introduced legislation Monday in the House and Senate that would permit the VA to charge private health insurers in the Medicare Advantage system for medical care that it provides for the insurers' members.

The bill was sparked by a December [Wall Street Journal investigation](#), said Rep. Lloyd Doggett, a Texas Democrat and sponsor of the new House legislation. The investigation found the federal government paid insurers an estimated \$44 billion from 2018 through 2021 to cover veterans in Medicare Advantage plans who were also getting healthcare through the VA.

"These big health insurers found a nifty way to profit from veterans," Doggett said. "They collect the payments, and the taxpayers pay for the care."

The Journal's investigation found that more than a million aging and disabled veterans were enrolled in Medicare Advantage plans, which charged the government for their care even though many use the VA for much of their healthcare.

Under a decades-old law, the VA is prohibited from billing Medicare Advantage insurers for the care it provides their members, even though the VA can and does bill non-Medicare insurers. In Medicare Advantage, insurers get paid a lump sum by the federal government for each member, meaning they get paid even when their members don't use any services.

"It is essentially double dipping," said Rep. Greg Murphy (R., N.C.), a co-sponsor of the bill. "This is one of those issues that crosses party lines."

After the shooting of UnitedHealthcare CEO Brian Thompson in New York City, physicians offer a sober look at frustrations with the healthcare system in the U.S. Photo illustration: WSJ

The House bill was also co-sponsored by Rep. David Schweikert (R., Ariz) and California Rep. Mark Takano, the ranking Democrat on the House Committee on Veterans' Affairs.

Congress must not allow "Medicare Advantage insurers to bill for veteran care they didn't provide," said Schweikert, who also called for broader changes to Medicare Advantage. "There is more to uncover and much more to fix," he said.

The Senate version is backed by lawmakers including Sen. Elizabeth Warren (D., Mass.), Sen. Bill Cassidy (R., La.) and Connecticut Sen. Richard Blumenthal, the ranking Democrat on the Senate Committee on Veterans' Affairs, according to congressional staffers.

"It's a mistake to let Medicare Advantage plans exploit a costly loophole and pocket taxpayer money at the expense of veteran care," Warren said in a statement.

The Journal, using figures provided by researchers at Brown University and the Providence VA, found that the VA spent about \$17 billion caring for veterans who were Medicare Advantage members in 2021. That amounted to about 17% of the VA's healthcare expenditures that year.

Insurer [Humana](#) leads the industry in Medicare Advantage plans covering veterans, the Journal reported in December. The company, like others in the industry, offers veteran-branded plans under the name Humana Honor, including many that offer cash-like rebates to seniors who sign up.

Humana said in a statement that "given the aging population of veterans and increasing complexity of their healthcare needs, we strongly support increased coordination between

[Medicare] and VA to better ensure beneficiaries have seamless access to healthcare coverage they have earned through the VA and Medicare.”

The VA encourages veterans to sign up for some form of Medicare, even if they have access to VA health, in part because Medicare gives them the choice of going to a non-VA doctor or hospital. Medicare Advantage plans are attractive to many veterans because they offer perks that go beyond what Medicare requires, ranging from dental benefits to gym memberships.

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