

MedPac: Agents Make More Money Enrolling Patients In Medicare Advantage

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Commissioners decried the system, saying the Medicare Advantage enrollment system needs to change.

By Mary Helen Gillespie

A report released March 6 showing how health plan agents receive hefty financial incentives to [steer beneficiaries](#) into Medicare Advantage plans — rather than traditional Medicare and Medigap — prompted several members of the [Medicare Payment Advisory Commission](#) to call for dramatic changes in the enrollment system, [MedPageToday reported](#). (Free registration required.)

“I think we have a system here...that is inherently flawed,” said Commissioner R. Tamara Konetzka, PhD, a public health sciences professor at the University of Chicago, during a MedPAC public meeting. “It will never be a good system for beneficiaries [even if] we can regulate it to death... it can’t be fixed, because agents are going to recommend things in their own interest and the interest of the companies they work for.”

“I say, blow it all up. We need a new system that actually works for beneficiaries,” she added.

Ledia Tabor, MPH, a MedPAC senior analyst who delivered part of the report, noted that “agents have a financial incentive to enroll beneficiaries” in MA prescription drug plans.

She explained that an agent selling an MA plan to a new beneficiary makes \$626 in commissions that year, but only \$450 for selling a Medigap plan with a Part D drug plan. If the beneficiary stayed in that MA plan, the agent would continue to receive commissions of \$313 for each subsequent year, but only \$225 for each year the beneficiary stayed in the Medigap and Part D plans.

“Over a five-year period, an agent would make \$528 more for enrolling a beneficiary into an MA plan rather than a Medigap with a Part D plan,” she said.

Agents can also receive bonuses from their health plan companies for meeting enrollment benchmarks, administrative payments for marketing, or payments for conducting risk assessments of their clients’ health, said Jennifer Druckman, JD, MHA, a MedPAC principal policy analyst.

Another issue noted in the report is that when a beneficiary wants to be placed in traditional Medicare with a supplemental Medigap plan, agents also have an incentive to place them in the most expensive one, because their commission — a percentage of their monthly premium — is higher.

Commissioner Cheryl Damberg, PhD, MPH, a health plan policy expert at RAND Corporation in Santa Monica, California, summed it up: “The incentives are wrong on so many different levels.”

Some of the commissioners noted that their own parents, and even themselves, are so baffled by the complexity of choices and decisions that often beneficiaries don’t even know what type of plan they are in.

Commissioner Gina Upchurch, RPh, MPH, founder and executive director of Senior PharmAssist in Durham, North Carolina, who is a SHIP counselor, said the program is “woefully underfunded.” Nationally, the program receives just \$55 million annually from the federal Administration for Community Living, according to the MedPAC report.

And even with their annual required training, counselors can’t keep up, she said. “A lot of them are quitting because it has gotten so complex.”

MedPAC Chair Michael Chernew, PhD, of Harvard Medical School in Boston, said that the session on MA and enrollment was the first of many to be held this year.
