

May 14, 2019

Seema Verma, Administrator
The Centers for Medicare & Medicaid Services
Department of Health and Human Services
P.O. Box 8016
Baltimore, MD 21244-8013

Re: Proposal to Protect Medicare Advantage Employer Group Waiver Plan (EGWP) Beneficiaries from Sharp Premium Increases

Administrator Verma:

As organizations and employers who value the high-quality, cost-effective health insurance coverage for retirees afforded by Medicare Advantage through employer group waiver plans (EGWPs), we are writing to express deep concerns about recent proposed policies that would drastically increase premiums for EGWP retirees. We ask that CMS issue additional guidance that offers financial relief to EGWPs and their beneficiaries, similar to the relief it provided on April 5, 2019 to individual Part D plans and beneficiaries.

The **4.3 million retirees** in Medicare Advantage-Prescription Drug (MA-PD) EGWPs – including former teachers, local and state government employees, and first responders – represent **20 percent** of all Medicare Advantage beneficiaries.¹ Employers are increasingly selecting EGWPs as a cost-effective, high-quality solution to meeting commitments made to former employees to offer health and prescription drug coverage in retirement in return for their years of service. EGWPs enable employers to provide retirees access to comprehensive coverage that includes care coordination, disease management, and protections against high out-of-pocket costs. The popularity of EGWPs is a reason they are one of the fastest growing segments of Medicare Advantage – according to MedPAC’s recent report,² enrollment in EGWPs grew **12 percent** in 2018.

In January, the Department of Health & Human Services (HHS) and the Office of the Inspector General (OIG) issued a proposed rule entitled, *Removal of Safe Harbor Protection for Rebates Involving Prescription Pharmaceuticals and Creation of New Safe Harbor Protection for Certain Point-of-Sale Reductions in Price on Prescription Pharmaceuticals and Certain Pharmacy Benefit Manager Service Fees*, that would eliminate the safe harbor protection for manufacturer rebates in Part D – including EGWPs that provide Part D coverage. The comment period for the proposed rule closed on April 8th. There is near unanimous consensus that finalization of the proposed rule would result in increased beneficiary premiums, including by CMS itself, which stated in the proposed rule that premiums would increase under the proposal.

On April 5th, CMS released additional guidance in which it announced that, if the rebate rule is finalized as proposed, it would offer a voluntary, two-year demonstration program in which the government would absorb 95 percent of any losses (beyond the first 0.5 percent)

¹ Analysis of CMS Medicare Advantage Enrollment files, accessed April 1, 2019.

² Medicare Payment Advisory Commission (MedPAC) Report to Congress, March 2019.

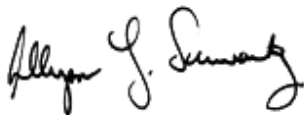
experienced by Part D plans in 2020 resulting from the elimination of rebates. **However, while the demonstration would be available to individual Part D and Medicare Advantage-Prescription Drug (MA-PD) plans, EGWPs would be ineligible to participate.** The demonstration would function by narrowing risk corridors in Part D, but because EGWPs do not submit individual bids, they do not participate in the risk corridor program.

Administrators of EGWP programs have expressed deep concerns that they will not be able to absorb new costs associated with eliminating rebates and will have to pass along increased cost or reduced benefits to retirees. Given that the demonstration program would not afford protection to millions of EGWP beneficiaries from the devastating premium increases resulting from the elimination of manufacturer rebates, additional action is needed to protect EGWP enrollees.

For this reason, we are asking that CMS take action to shield EGWP beneficiaries from significant premium increases. Specifically, we are asking CMS to provide additional subsidy payments to EGWPs that reflect the average risk corridor payment made to individual Part D plans as part of the demonstration. We believe this option is an administratively feasible, straightforward way to provide some financial protection to EGWP beneficiaries and mitigate excessive premium increases in the coming years.

We welcome the opportunity to meet with you or your staff to discuss this issue in more detail. We are committed to ensuring that EGWPs continue to be a viable, cost-effective, high-quality solution for retiree health care coverage, and we look forward to engaging with you further on this issue.

Sincerely,



Allyson Y. Schwartz
President & CEO
Better Medicare Alliance