

April 27, 2020

The Honorable Alex Azar
Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington D.C. 20201

Seema Verma
Administrator
Center for Medicare and Medicaid Services
200 Independence Avenue, S.W.
Washington D.C. 20201

Dear Secretary Azar and Administrator Verma,

Better Medicare Alliance is the leading Medicare Advantage advocacy and research coalition. Our coalition includes 143 Ally organizations and nearly 500,000 beneficiary advocates. We write today on behalf of these plans, providers, professional associations, aging services agencies, and beneficiaries to follow-up on the letter we wrote to the Vice President Mike Pence, Chair of the White House Coronavirus Task Force, dated April 17, 2020.

In that letter, we expressed the need for urgent action to address the uncertainty and instability for Medicare Advantage and Part D plans as they attempt to account for the coronavirus (COVID-19) costs and expectations in their 2021 bid development. Health plans are making decisions now on premiums and benefits that will take effect on January 1, 2021. Given the unprecedented level of uncertainty around future medical costs, we are deeply concerned that Medicare Advantage beneficiaries will face increased premiums and/or reduced plan benefits in 2021. In addition, given the lack of broadly known data on incidence and cost, it is likely that there will be wide variability in health plan premiums and benefits creating instability in the market for 2021 without further action.

Below, we offer recommendations aimed at ensuring stable premiums and benefits for the more than 24 million current beneficiaries and the many more who will be exploring the option of Medicare Advantage during open enrollment which begins in October 2020.

First, we would like to acknowledge the important actions you have already taken to better enable Medicare Advantage plans and providers to meet the needs of their beneficiaries during this national health crisis. We applaud the Department of Health and Human Services (HHS) and Centers for Medicare and Medicaid Services (CMS) for the actions taken in response to this public health crisis, including the modification of certain programmatic requirements, expanding access to telehealth services, supporting providers and plans by minimizing reporting requirements, and focusing on beneficiaries to ensure access to care, as well as the specific flexibilities extended to Medicare Advantage.

We note that in the Final 2021 Medicare Advantage Rate Notice issued on April 6, CMS acknowledged the impact of COVID-19 and the need to address it in separate guidance. However, that guidance has yet to be issued and time is short. **Without clear guidance, the current uncertainty in the health care environment may result in increases in premiums and/or reductions in supplemental benefits offered in 2021, both of which directly impact beneficiary choices and costs.**

As you are aware, and frequently acknowledge publicly, Medicare Advantage is now the growing choice of beneficiaries as they decide how to receive their Medicare benefits. Simplicity, affordability, extra benefits, and improved outcomes, particularly for those with chronic conditions,

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are highly valued by over 24 million people. We believe it is the future of Medicare and many in the Administration agree. Even in this crisis that has overwhelmed so many in the health care system, plans, providers, and community partners in Medicare Advantage have demonstrated that they are ready and able to meet the needs of beneficiaries. While providers courageously fight COVID-19 on the frontlines, health plans are responding by increasing capacity and access to care through expanded telehealth coverage, reducing cost-sharing, meeting the needs of high-risk individuals by increasing the supply of medications, identifying and reaching out to those at-risk including beneficiaries who have multiple chronic conditions, as well as ensuring care for those with acute illnesses. Many health plans have also taken steps to support financial stability for health care providers by accelerating provider reimbursements. Medicare Advantage-Prescription Drug plans will continue to support the nation's effort to contain and defeat the coronavirus, addressing today's emergency. Ensuring the stability and continuity of Medicare Advantage must go hand in hand with meeting the immediate crisis.

There are specific challenges facing health plans as they prepare bids for 2021. First, the availability and costs associated with a vaccine and curative treatments is presently unknown. Second, stay-at-home orders and bans on elective procedures rule clinical engagement, most outpatient medical offices are closed, services are being deferred, and beneficiaries are forgoing preventive care, primary care, and elective procedures. **These factors create unprecedented systemic instability that will impact coverage and cost in 2021, unless CMS takes action soon to inform the bid submissions due on June 1.**

We ask you to act now to minimize the uncertainty and instability in the 2021 bid process. We offer specific actions below that will provide stability in Medicare Advantage as health plans finalize the decisions currently being made that will directly impact plan stability, consumer costs, and benefits in 2021. **We ask CMS to issue guidance to inform the bid process including any or all of the following: exclusion of coverage of vaccines and novel curative treatments for COVID-19 from the 2021 bids; modifications to data submitted in the risk adjustment payment process; and provide an update to the normalization factor.** The changes that we put forward in each of these areas will stabilize Medicare Advantage and allow for health plans to keep premiums low, meet expectations for use of supplemental benefits, and continue to provide high quality, affordable coordinated care through innovative models to millions of Medicare beneficiaries.

Vaccines and Novel Curative Treatments

It is not currently possible for Medicare Advantage plans to forecast when a vaccine and new curative treatments for COVID-19 will be developed, how widely they will be used, or how much they will cost. These factors create unprecedented systemic uncertainty and instability in Medicare Advantage that will likely result in higher premiums and out-of-pocket costs for beneficiaries, as Medicare Advantage plans will need to build this uncertainty into their bids in order to ensure those bids are actuarially sound. **We ask CMS to exclude the costs associated with a vaccine and novel curative treatment incurred in 2021 from 2021 bids, thus excluding them from the capitated monthly payment, and paying for these treatments/medications separately.** This will help to stabilize the benefits, premiums, and out-of-pocket costs for beneficiaries in 2021. This also supports health plans' ability to offer innovative supplemental benefits that have proven necessary in this current public health emergency, including telehealth services and meal delivery programs.

Modification of Risk Adjustment

Stay-at-home orders in most states, the District of Columbia, and Puerto Rico have dramatically reduced the utilization of preventive and elective health care services in 2020. Beneficiary diagnoses must be documented each year for the purposes of risk adjustment, thus risk scores for 2021, which are based on diagnoses from 2020, will not fully reflect the actual health status of beneficiaries. These data inaccuracies will result in incomplete payment for the actual costs of care for beneficiaries. **As such, we ask that CMS use 2019 data to supplement 2020 data when calculating risk adjustment payment to more accurately reflect the health status of new and existing beneficiaries.** This will help maintain an essential component of payment in Medicare Advantage--basing payment on beneficiary's health status and diagnosis data.

Normalization Factor Update


BMA recognizes that CMS released the 2021 normalization factor in the Final Rate Announcement. However, **BMA asks CMS to lower the 2021 normalization factor**, to provide more accurate payments as the factor previously released did not account for the projected decrease in 2021 risk score accuracy that will result from decreased utilization in 2020. Lowering the normalization factor is a straight-forward and equitable way to better ensure accurate and adequate payment to all health plans while stabilizing beneficiary premiums and benefits.

In conclusion, CMS has broad authority to act during this health emergency and has already made meaningful changes to address this crisis. **We ask for you to use the authority you have to address the unique issues related to bid submission for Medicare Advantage for 2021 and in doing so protect millions of seniors and those individuals with disabilities who count on Medicare Advantage for their coverage and care.**

We appreciate all you have already done and thank you for your attention and consideration for this urgent matter. Given the urgency of these issues, we would welcome a meeting as soon as possible to discuss these recommendations with you and your staff. We appreciate your attention and look forward to further conversations as the implications of this national emergency evolve and other impacts on Medicare Advantage require further discussion. Please reach out to our Chief of Staff, Robin Goracke, at rgoracke@bettermedicarealliance.org or (202) 253-7581 who can assist with scheduling a meeting, answering any questions you may have, or in contacting me directly.

Thank you for your efforts during this national emergency and be safe.

Sincerely,



Allyson Y. Schwartz
President & CEO, Better Medicare Alliance

CC: Demetrious Kouzoukas, Principal Deputy Administrator of the Centers for Medicare & Medicaid Services;
Cheri Rice, Deputy Director, Parts C and D, of the Centers for Medicare and Medicaid Services;
Dr. Jeffery Howard, Office of the Vice President, White House Coronavirus Task Force.