

July 21, 2020

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

Re: Administration's Proposed Rule to Eliminate Drug Manufacturer Rebates in Part D

Dear Secretary Azar,

On behalf of our 143 Ally organizations and nearly 500,000 grassroots beneficiary advocates, the Better Medicare Alliance (BMA) writes with serious concerns about the Administration's possibly resurrecting the previous withdrawn rule eliminating prescription drug rebates under Part D. We are very concerned about the proposal's impact on beneficiaries enrolled in integrated Medicare Advantage-Prescription Drug (MA-PD) plans in which 89% – 19.5 million – of all Medicare Advantage members are currently enrolled.

If this rule were to move forward we are concerned it will increase costs for Medicare Advantage beneficiaries, exposing them to higher premiums, higher out-of-pocket costs, and reductions in supplemental benefits like dental, vision, and hearing coverage and wellness programs.

Based on a independent analyses quoted in the previously withdrawn rule, as well as in BMA's 2019 research and analysis on the impact to Medicare Advantage beneficiaries, should this rule be proposed again the impact could be as follows:

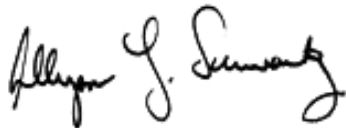
- This rule could result in an estimated 19% increase in premiums for the first year and 25% increase over the next ten years for those who pay premiums in Part D plans. The impact is estimated to be an average premium increase of \$29 per month for the 8.6 million MA-PD beneficiaries who pay premiums.
- For the 4.2 million MA-PD enrollees in employer-sponsored retiree plans, a new rule could translate into direct cost increases for beneficiaries in self-funded plans.
- All 16.4 million individuals in non-employer MA-PD plans could be exposed to higher out-of-pocket costs, such as higher copays or coinsurance for visits to primary care providers or specialists.
- According to a recent analysis by Avalere Health, on average, \$0- premium MA-PD plans would experience a 28% reduction in resources available to finance supplemental benefits. This could translate to an average annual \$228 decrease in funding available per beneficiary for these plans to provide supplemental services like dental, vision, and hearing coverage, as well as the new benefits to be targeted to those with chronic conditions.

Moreover, according to an Avalere analysis of the previously withdrawn rule, it could further exacerbate rural disparities within the Medicare Advantage population. Notably, the impact of the previous proposed rule would vary by state, ranging from 15% to as much as 78% reductions in rebates available for financing supplemental benefits. For example, Iowa was estimated to see a 52% decrease in the funds available to provide supplemental benefits, while Ohio and Pennsylvania would see an estimated 28% decrease.

Now, during the global COVID-19 pandemic, is not the time to be raising prescription drug prices and reducing supplemental benefits seniors. Should the Administration move forward with the previously withdrawn changes in the use of rebates, we believe this action will impose severe financial distress on Medicare Advantage beneficiaries through increased costs and likely reduction in supplemental benefits. While we appreciate all the work of the Department of Health and Human Services has done during the COVID-19 pandemic, we ask that you not move forward and in so doing prevent increasing prescription drug prices on our most vulnerable populations.

As you consider these and other changes, please let us know how we may serve as a resource and engage in further discussions as to actions that could be taken to reduce drug costs for the nation's Medicare beneficiaries.

Sincerely,



Congresswoman Allyson Y. Schwartz
President & CEO
Better Medicare Alliance

Impact on Rebates by State, \$0 Premium Plans, 2020

State	Average Rebate % Decrease PMPM, Enrollment Weighted, 2020	State	Average Rebate % Decrease PMPM, Enrollment Weighted, 2020
AL	45%	MS	29%
AR	35%	NC	39%
AZ	24%	NE	49%
CA	16%	NH	59%
CO	26%	NJ	26%
CT	49%	NM	43%
DE	36%	NV	24%
FL	27%	NY	32%
GA	34%	OH	28%
HI	63%	OK	43%
IA	52%	OR	26%
ID	15%	PA	28%
IL	29%	RI	25%
IN	31%	SC	40%
KS	58%	SD	44%
KY	25%	TN	21%
LA	22%	TX	23%
MA	25%	UT	33%
MD	19%	VA	26%
ME	33%	VT	78%
MI	34%	WA	30%
MN	68%	WI	24%
MO	35%	WV	40%

PMPM: Per Member Per Month