

BETTER MEDICARE

ALLIANCE

August 28, 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,

The Better Medicare Alliance, on behalf of our 144 Ally organizations and nearly 500,000 beneficiary advocates, writes with serious concerns about the Administration resurrecting the previously withdrawn rule eliminating the current prescription drug rebates under Part D. We are very concerned about the proposal's impact on beneficiaries enrolled in integrated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, it would 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Based on CMS's own analysis and independent analyses quoted in the previously withdrawn rule, as well as in BMA's 2019 research and analysis on the impact to Medicare Advantage beneficiaries, should this rule be finalized as proposed, the impact would be as follows:

- This rule would 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 21.6 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 funds available per beneficiary for these plans to provide supplemental services like dental, vision, and hearing coverage, as well as the new benefits, such as adult day services, to be targeted to those with

chronic conditions.

At a time when beneficiaries have to worry about COVID-19, now is not the time to be raising prescription drug prices, raising premiums, or reducing supplemental benefits for seniors and individuals with disabilities in Medicare. Should the Administration move forward with the previously withdrawn changes in the use of rebates, we believe this action would impose severe financial distress on Medicare Advantage beneficiaries through increased costs and a 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 costs on our most vulnerable populations.

The potential negative ramifications of a revised rebate rule would threaten the affordability, access, and quality of care on which over 24 million Americans depend. While we support the goal to curb the high price of prescription drugs for consumers, resurrecting this previously withdrawn rule is not the solution. The potential financial impact and risk to seniors and people with disabilities is far too severe to justify. For these reasons, we strongly urge the Administration not to pursue this course of action, and instead seek policies to directly address drug pricing in Medicare and reduce costs for consumers.

Thank you for your consideration. As always, we welcome the opportunity to work with you and your staff to provide high quality affordable medical and prescription drug coverage provided by Medicare Advantage. Please reach out to our Chief of Staff, Robin Goracke, at rgoracke@bettermedicarealliance.org or (202) 253-7581, who can assist with directing your questions.

Sincerely,

American Osteopathic Association
American Physical Therapy Association
Better Medicare Alliance
Coalition of Texans with Disabilities
Consumer Action
Einstein Healthcare Network
Home Care Association of America
Iora Health
LeadingAge
National Adult Day Service Association
National Hispanic Medical Association
Population Health Alliance
Public Sector Healthcare Roundtable
School Employees Retirement System of Ohio
Silver Sneakers (Tivity Health Community)
SNP Alliance
Teacher Retirement System of Kentucky
The Academy of Managed Care Pharmacy

The Gerontological Society of America
Tufts Health Plan
UPMC
US Chamber of Commerce