COUNCIL FOR AFFORDABLE
HEALTH COVERAGE

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March 4, 2016

Mr. Andy Slavitt
Acting Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Mr. Sean Cavanaugh
Deputy Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

RE: Advance Notice of Methodological Changes for Calendar Year 2017 for Medicare Advantage (MA) Capitation Rates, Part C, and Part D Payment Policies and 2017 Call Letter

Submitted Electronically

Dear Acting Administrator Slavitt and Deputy Administrator Cavanaugh,

The Council for Affordable Health Coverage (CAHC) is pleased to comment on the Centers for Medicare and Medicaid Services' (CMS) Advance Notice of Methodological Changes for Calendar Year 2017 for Medicare Advantage (MA) Capitation Rates, Part C, and Part D Payment Policies and 2017 Call Letter (Call Letter) released on February 19, 2016.

CAHC is a broad-based alliance with a singular focus: bringing down the cost of health care for all Americans. Our membership represents a broad range of interests – organizations representing small and large employers, manufacturers, retailers, insurers, patient groups, and physician organizations. Our full membership list is available on our website at www.cahc.net.

CAHC is broadly supportive of the MA program and believe it provides a valuable, efficient alternative to traditional Medicare Fee-for-Service (FFS) for millions of beneficiaries. We further appreciate the overall structure of the program and its ability to support more innovative ways to improve quality for patients and control costs in the Medicare program. The inherent value of the program has been reflected in the increasing enrollment in all sectors of MA over the past several years. CAHC generally supports endeavors to strengthen and enhance the program.

The 2017 Call Letter outlines a number of policy proposals to begin to address affordability in the health care system for taxpayers, beneficiaries, their families, and employers. CAHC applauds these efforts, but is cautious about the implementation of some of these policies.

CAHC's comments on specific policy proposals are found below. These comments reflect the positions of CAHC, but may not necessarily reflect the individual views of our members.

Recommendations

1) **Ensure Beneficiary Access to Relevant, Accurate, and Meaningful Information**

Empowering beneficiaries and their families to make informed decisions about and remain invested in their care should be a core goal of federal health policy. CAHC supports efforts to policies that advance

transparency in the health care system, but information and data using in these efforts should be relevant, accurate, and meaningful to have a positive impact.

For example, patients should have access to relevant, accurate, and meaningful information so they can make informed decisions about their prescription drugs. We believe doing so can not only empower consumers, but can also improve quality and health outcomes while lowering costs for prescription drugs. Realizing this potential will require the broader availability and use of data to generate meaningful and accurate comparative tools and information on prescription drug, pharmacy, and plan choices.

Unfortunately, CMS' efforts to date on providing beneficiaries with such data have generally lacked real utility for beneficiaries. The released data is frequently not very helpful or useful for beneficiaries and/or often lacks critical context to ensure relevancy, accuracy, validity, and reliability. We are extremely concerned that this trend will continue when the CMS Medicare Drug Spending Dashboard (Dashboard) is published on the Medicare Plan Finder site.

All too often, drug spending data is presented in a gross data format that is presented with little or no context, including the absence of the scope and appropriateness of alternative therapies available, efficacy of treatment, or potential downstream medical savings. This lack of contextual reference in CMS' data releases can be misleading for beneficiaries and the general public. We believe this framework has also unnecessarily contributed to a confrontational atmosphere between payers, patients, providers, and manufacturers, which has often inhibited productive partnerships and conversations to address health care affordability.

To better achieve the shared goals of lowering health costs and improving quality, CAHC believes that data must always be released in an appropriate context with accurate pricing and reimbursement for products, appropriate alternatives, and the efficacy of particular drugs for particular conditions. This would help to reduce or eliminate confusion, lack of understanding, and/or the potential for misleading information for both beneficiaries and providers.

We believe that CMS should review and revise the current Dashboard in this context before posting it on the Medicare Plan Finder site. We are concerned that the Dashboard currently provides an incomplete and misleading picture of actual Medicare spending on prescription medicines by focusing on a small subset of medicines. Any tools that do not include thorough and holistic pricing information as well as information on appropriate alternatives and clinical effectiveness lack the above analysis and requisite revisions could damage broader efforts to tackle rising drug costs or improve quality for patients rather than help them.

Further, CAHC believes that beneficiaries can benefit from improved prescription drug and plan coverage comparison tools. For example, private sector comparison tools currently provide cost information on the prices of select prescription drugs in various pharmacies to help consumers comparison shop for the best prices. We believe these private sector tools may offer important prescription drug pricing information for Medicare beneficiaries, their families, and other consumers. We encourage CMS to partner with the private sector in new and creative ways to speed public access to these vital tools.

2) **Thoroughly Evaluate Proposals for Negative Impacts on Medicare Beneficiaries Receiving Coverage from Former Employers**

Approximately one-fifth of all MA enrollees receive coverage from an MA employer retiree plan also known as an MA Employer-Group Waiver Plan (MA EGWP). MA EGWPs allow employers to provide valuable benefits to former employees in a manner than is more financially stable than traditional retiree health benefits. MA EGWPs also maintain a full suite of benefits for retirees that are typically more comprehensive and coordinated than benefits found in traditional retiree plans or in Medicare FFS even when supplemented.

Because of these factors, enrollment in MA EGWPs has increased significantly over the past decade, just as it has in MA overall. A growing number of large employers and labor unions, including state and local governments, look to MA to provide high quality care coordination with better cost protections than those found in Medicare FFS. CAHC believes this is a positive development that facilitates greater continuity of care, innovation, care coordination, and flexibility for Medicare beneficiaries throughout the country.

For the past several years, policy makers have expressed concern over incentives that may encourage MA EGWP plans to place higher bids in relation to standard, individual MA plans. Because of these apprehensions, CMS has proposed to revise the bidding process for MA EGWPs to tie them to the average bids submitted for individual MA plans. CAHC recognizes that there may be some problems with the current bid structure; however, we are extremely concerned that CMS has not fully analyzed the impact of this policy proposal or given full consideration of the rationale for higher bids from MA EGWPS.

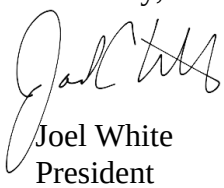
In order for MA EGWPs to attract employers, plans are frequently designed in ways that may lead to higher bids relative to the individual MA market. For example, MA EGWPs frequently cover larger geographies in order to accommodate large employers with retirees living in different parts of the country. Preferred Provider Networks are much more commonly found in MA EGWPs than in the individual MA market as these benefit designs are both popular and valued in the employer market. Both broad networks and a larger geographic distribution of beneficiaries can lead to higher costs in coverage.

CAHC is concerned that the proposal may discourage the proliferation of MA EGWPs, which could cause insurers and employers to abandon this market. This would lead to less choice for retirees and their former employers and discourage innovative plan design in these markets. As such, we believe that further evaluation is warranted to better understand MA EGWPs and the impact changes to the bid structure would have on beneficiaries in terms of choice, affordability of services, and quality of care. CAHC implores CMS to provide additional information on any current or ongoing analysis that has been conducted and encourages CMS to more widely solicit public comments on this policy proposal and analysis.

Conclusion

CAHC appreciates your careful consideration of our comments. We stand ready to serve as a resource to you and your staff on the issues related to improving affordability, transparency, and empowerment for Medicare beneficiaries.

Sincerely,



Joel White
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