

February 18, 2015

The Honorable Marilyn B. Tavenner
Administrator, Centers for Medicare & Medicaid Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Administrator Tavenner:

On behalf of the undersigned employer groups, we urge reconsideration of any further cuts to the Medicare Advantage (MA) program that harm retiree health benefits for millions under MA Employer Group Waiver Plans (MA-EGWPs) during the upcoming 2016 rate setting process.

More than 2.7 million retirees receive health insurance coverage through an employer in the form of MA-EGWPs, comprising approximately 18 percent of total MA enrollment. MA-EGWP plans, allowing employers to contract with Part D and provide flexible MA coverage, continue to increase in popularity with the optimal mix of affordability and quality plan design.

Even though affordability is the key driver in choosing MA-EGWP plans over other alternatives, research shows that employers consistently favor these plans because they offer superior coverage to existing private options, include care coordination and disease management programs not available in traditional retiree coverage, and rate high in terms of retiree satisfaction. As a result, enrollment in MA-EGWPs has nearly tripled since 2006 and grown by 700,000 enrollees since 2010.

Despite the benefits, however, the Administration's ongoing cuts to the program jeopardize an employer's ability to adequately cover retired employees. The President's FY 2016 budget proposed \$43.4 billion in MA-related cuts over the next decade, with nearly \$7.2 billion in cuts solely impacting MA-EGWPs. Additionally, changes to the MA program from the Affordable Care Act are expected to reduce funding by \$200 billion by 2019. With billions in future cuts to come, MA-EGWP plans for employers and retirees alike face an uncertain future.

As a result, employers will face significant challenges in building long-term strategies for effective retiree coverage because of these severe actions by the federal government. Over the past few decades, the number of large employers who have been able to provide benefits to former employees has dropped from 66 percent to 28 percent. Not only do MA cuts hurt millions of seniors through reduced benefits, narrower networks, and higher out-of-pocket costs, but employers who want to sustain group-sponsored Medicare retiree coverage are simultaneously pressured by rising health costs.

CMS has the power to reign in these cuts and help employers all over the country provide innovative, integrated care to their valued retirees. Respectfully, we ask for an end to the harm done to this much-needed program by refraining from additional MA cuts during this year's rate cycle.

Sincerely,

American Benefits Council
Council for Affordable Health Coverage
Corporate Health Care Coalition
H.R. Policy Association
National Association of Manufacturers
National Association of Wholesaler-Distributors
National Business Group on Health
National Retail Federation
Pacific Business Group on Health
U.S. Chamber of Commerce