



February 27, 2018

Demetrios Kouzoukas
Principal Deputy Administrator
Centers for Medicare & Medicaid Services
Director, Center for Medicare

Re: 2019 Advance Notice and Draft Call Letter

Dear Administrator Kouzoukas:

On February 1, 2018, CMS released Part II of the 2019 Advance Notice and Draft Call Letter (the "Call Letter"), which proposed various methodological changes for Calendar Year 2019 for Medicare Advantage (MA) capitation rates, as well as Part C and Part D Payment Policies. The Call Letter sought comment from stakeholders on a number of issues, including MA EGWP payment methodology, changes to the Part D Formulary submission process, and Opioid Overutilization measures.

These comments are submitted by the UAW Retiree Medical Benefits Trust. The Trust provides health coverage to retirees and their dependents of the United Auto Workers (UAW) who formerly worked for GM, Ford, and Chrysler. The Trust currently provides coverage to 676,000 persons. Of this population, 530,000 are covered by Medicare. The Trust offers their retirees a choice of plans in which they can enroll. At the present time, over 346,000 of its beneficiaries are covered by MA plans. The Trust also offers a standalone Part D plan for 511,390 of its Medicare-eligible retirees.

The Trust would like to share its perspective on each of the issues listed above. In general, the Trust supports the proposals in the Call Letter. The Trust believes they are good for Medicare as a whole, as well as for the Trust's retirees.

I. The Trust Supports Maintaining the Blended Rate for EGWPs

The Trust urges CMS to adopt the option to continue to use the blended bid-to-benchmark ratios determined for Plan Year 2017 based on 2016 data, instead of the option to fully implement the individual market bid-to-benchmark ratios. The Trust understands that no EGWP bid data exists for Plan Year 2018 so as to update these ratios and appreciates the use by CMS of the latest data available. The Trust believes the blended bid-to-benchmark ratios are the better option for two reasons:

Stability - The blended bid-to-benchmark ratios create a greater level of stability and certainty for CMS and for the MA EGWP employer/union groups. Numerous sources of volatility exist for all MA plans, including new

regulations (Federal or State) that occur after rates are determined or changes in the statute by Congress (such as with the Health Insurance Providers Fee). The employer/union groups have no control over the individual market MA bids from year-to-year and may not even have an accurate insight into what the average bid was in a county the previous year. In contrast, maintaining the same blended bid-to-benchmark ratio year-over-year will allow for greater planning as the change in a given year is knowable for the employer/union groups (as it is only dependent on the changes to the benchmark in relevant counties).

Consistency with Original CMS Goals -The blended bid-to-benchmark ratios are consistent with the original CMS goals in altering the CMS payment methodology that CMS described in the Draft Call Letter for Plan Year 2017. One goal was to reduce the payment differences between EGWP and individual plans, which the blended bid-to-benchmark ratio does. Another goal was to remove the dynamic for MA EGWPs to bid without open market pressures as there are in the individual MA market. The continued waiver of the bidding requirement achieves that goal. The final goal was to establish one set rate, notwithstanding quality bonus payments, for all MA EGWPs in a given county. The blended bid-to-benchmark ratios accomplish that goal as well. As such, implementation of the bid-to-benchmark ratios based solely on the individual market does not materially advance any of CMS's original goals in altering the payment system.

Proposal to account for HMO versus PPO enrollment – The Trust supports the proposed adjustment for the differences in enrollment in HMO plans versus PPO plans between the group and individual markets. The Trust believes that the adjustment could be made regardless of whether CMS decides to continue using the blended bid-to-benchmark ratio or to fully implement the individual market bid-to-benchmark ratios.

II. Other MA Proposals are Beneficial

The Trust supports many of the other proposals contained in the Call Letter for MA plans. In particular—

- The Trust supports moving Health Risk Assessment completion under the Rewards and Incentives policy, as it is a logical change that will encourage more beneficiaries to complete their HRAs.
- The Trust supports the revised interpretation on the uniformity of benefits to allow MA plans to target specific medical conditions.
- The Trust supports CMS using its discretion to keep the Maximum Out-of-Pocket limit stable year-over-year.

III. Part D Coverage Gap Proposals Require Revision

In the Bipartisan Budget Act of 2018, Congress changed the statute in two important respects with regards to the Part D coverage gap: (1) it redefined biosimilars as “applicable drugs” and (2) it increased the amount of the manufacturer discount for “applicable drugs.” When the Call Letter was drafted and released, these changes had not yet been made. The Trust expects that CMS will be revising the policies around the Part D coverage gap to account for these changes in law. The Trust urges CMS to provide clarification on two items: (1) will CMS continue to define biosimilars as “generic drugs” for purposes of LIS beneficiaries in the coverage gap and (2) will further adjustment be made to the coinsurance of non-applicable drugs in order to “close” the coverage gap in 2019?

IV. Revised FRF Summer Window

The Trust supports the proposal for a later period for the Summer FRF window. The later window will allow the FRF to contain more new-to-market drugs for 2019.

V. The Trust supports the Opioid Overutilization Proposals

The Trust believes the proposed measures to address opioid overutilization are sound policy. The Trust supports the movement to flag concurrent use of certain drugs with opioids, with potentiator drugs being a good starting point. The Trust urges CMS to consider whether a similar flag should be included for concurrent use of opioids and benzodiazepines. The Trust also supports CMS encouraging point-of-sale edits and the day limitation for prescriptions addressing acute pain, but would urge CMS to clarify the use of these edits in cases of patients in chronic pain and with treatment naïve patients.

Conclusion

The Trust supports most of the proposals in the Advance Notice and Draft Call Letter. However, the Trust urges CMS to consider the described alternatives on the MA EGWP payment methodology.

Respectfully submitted,



Francine Parker
Executive Director
UAW Retiree Medical Benefits Trust