

# EMPLOYERS' COALITION ON MEDICARE

August 1, 2007

TO THE MEMBERS OF THE UNITED STATES HOUSE OF REPRESENTATIVES AND SENATE:

On behalf of the Employers' Coalition on Medicare, we are writing to express our concerns with various aspects of legislation entitled "Children's Health and Medicare Protection (CHAMP) Act." Collectively, we represent hundreds of employers and their employees who support offering Medicare beneficiaries with choice in the selection of their Medicare benefit options. In addition, we support the continuation of the Prescription Drug Program that provides options for Medicare beneficiaries, who also have employer-sponsored retiree health care coverage.

Employers need solid health plan choices for their retirees who are eligible for Medicare. We continue to believe that it is very important to maintain funding for Medicare Advantage (MA) plans so that we do not restrict the health plan options available to retirees and employers. To achieve this, there must confidence in the long term stability of the federal government's role in maintaining adequate funding for the Medicare Advantage program in order to ensure that seniors will be able to choose from the range of health plan choices they deserve. We encourage you not to reduce the funding for Medicare Advantage.

In addition, we have serious concerns with the following provisions:

**Section 421.** This section would restrict employers' ability to offer an MA option specifically-tailored to their retirees, by allowing this option only when the employer has 90% of their members in counties where the MA plan organization already offers a local MA plan that is available to all Medicare beneficiaries. We believe that this limitation will severely impair, if not eliminate, the ability of nationwide employer plans to design the type of group plan that would offer services to their retired employees regardless of where they are located.

**Section 904.** While many employer organizations support the development of comparative effectiveness research to educate individuals on the outcomes, effectiveness and appropriateness of health care services, we strongly object to a new tax on premiums to finance this effort. Over 160 million Americans obtain health insurance coverage through the voluntary offering of health benefits in the employment setting. Health care costs and premiums are rising -- many employers can no longer provide health insurance coverage to their employees. In addition, many employees can not afford their coinsurance costs. To add a new tax on health insurance premiums, whether they are self-insured products or fully insured products, undercuts our efforts to bring down costs.

We fear this tax will have unintended consequences of increasing the number of uninsured Americans who can not afford health insurance coverage.

**Section 225.** This section would codify the required inclusion of all drugs within six specified therapeutic classes in the Medicare Part D benefit. If enacted, the bill would require all Part D formularies to include “all or substantially all” drugs in the following therapeutic classes: anticonvulsants, antineoplastics, antiretrovirals, antidepressants, antipsychotics and immunosuppressants. First, this provision would effectively eliminate any ability to negotiate good pricing with drug manufacturers who know that their product will be included in the plan regardless of the price. Second, while Part D plans would still be allowed to use utilization management tools such as prior authorization and step therapy within five of the six classes (excluding antiretrovirals), the tools must be approved by CMS and may not be used in the case of individuals "who are already stabilized on a drug treatment regimen." We oppose this requirement as Part D plans must have the latitude and flexibility to negotiate with manufacturers and develop the formularies that provide affordable coverage that is valued by enrollees.

**Section 703.** We strongly oppose shifting the costs of dialysis treatment to employer sponsored plans by extending coverage to 42 months for beneficiaries with health insurance coverage from large employers (110+ employees). Health care costs are rising in this country and those who are severely ill and need treatment for end state renal disease are covered after 30 months under the Medicare program. To shift those costs for certain workers to employer-sponsored plans is discriminatory and will increase costs for millions of American workers.

We encourage the House of Representatives to modify these provisions. As organizations representing the full range of America’s large and small employers who provide health care coverage for many Americans, we again urge that you reject any proposal that would weaken the options available to Medicare beneficiaries. We support Medicare Advantage, continuation of options under the Prescription Drug Plan program and oppose any proposal that shifts costs to employer or restricts health plan options for retirees and employers. We welcome the opportunity to work with you on these important issues to meet the diverse health care needs of all Medicare beneficiaries.

Sincerely,

Employers’ Coalition on Medicare  
American Benefits Council  
Business Roundtable  
Corporate Health Care Coalition  
ERISA Industry Committee  
HR Policy Association  
National Association of Manufacturers  
National Business Group on Health  
National Retail Federation  
U.S. Chamber of Commerce