

EMPLOYERS COALITION ON MEDICARE

December 12, 2007

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES AND SENATE:

On behalf of the Employers' Coalition on Medicare (ECOM), we are writing to express our concerns with various proposals and provisions that were included in the House-passed CHAMP Act that may be considered as a part of this year's Medicare package. 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.

At a time when policymakers, employers, labor and patient groups are actively seeking ways to ensure quality, expand access and options, cover the uninsured and reduce the rising costs of health care, the ECOM has concerns about several provisions that may be included in this year's Medicare package, including Extension of the Medicare Secondary Payer for patients with End Stage Renal Disease (ESRD), cuts to and additional requirements for Medicare Advantage plans, and the funding of Comparative Effectiveness through premium taxes.

Extension of Medicare Secondary Payer for End Stage Renal Disease

We strongly oppose shifting the costs of dialysis treatment to employer-sponsored plans by delaying Medicare coverage to 42 months for beneficiaries with health insurance coverage from large employers (110+ employees). Currently, Medicare provides primary coverage for end stage renal disease after 30 months. To shift those costs to workers in large employer plans (\$1.2 billion between 2008 and 2017) is discriminatory and will increase costs for millions of American workers. Additionally, this shift would cost private payers three to four times the cost to Medicare, resulting in a cost of \$3-4 Billion dollars. This provision will raise health care costs for working families, employees, and employers who are voluntarily sponsoring health plans. We strongly urge you to not extend MSP for ESRD by any length of time – especially in an environment where dialysis centers are able to charge employers so much more than Medicare pays for the same services.

Cuts to Medicare Advantage

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. One very viable Medicare Advantage option today for employers and unions with retirees who reside across the country is the private fee-for-service (PFFS) option. PFFS plans can provide access to medical care without negotiated networks of participating providers. This is vital because there are no nation-wide network plans under Medicare today.

Some in Congress are considering slashing payments for the employer PFFS option. Singling out employer retiree options for massive cuts would disproportionately hurt beneficiaries who receive medical coverage through their former employers compared to those receiving

coverage in the individual market. We urge you to maintain adequate funding for private fee-for-service plans offered by employers, unions or trusts – it is a critical coverage option for employers and unions to continue to meet the needs of retirees who reside in different states. Congress should work to help employers maintain their retiree benefits and not encourage employers to eliminate retiree coverage.

Comparative Effectiveness Research

While many employer organizations support the concept of comparative effectiveness research, 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 efforts to control costs and maintain or expand coverage. We fear this tax will have unintended consequences of increasing the number of uninsured Americans who can not afford health insurance.

Requiring All MA Plans to Meet Equal Standards

Currently, employers have the ability to work with managed care organizations to design a Medicare Advantage option that is specifically-tailored for their retirees by obtaining a waiver from CMS. Proposals that would allow this option *only* when the employer has 90% of their members in counties where the MA plan organization already offers a local MA plan will effectively eliminate the ability of nationwide employer plans to design a plan that would offer the same services regardless of where their retirees are located. We urge you not to limit our ability to offer MA coverage.

In the final days of considering the scope and breadth of a Medicare reform package, we urge you to consider the above provisions and the impact that they would have on employers and employees. 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 employers or restricts health plan options for retirees. 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
National Retail Federation
The ERISA Industry Committee
U.S. Chamber of Commerce