NRLN
NATIONAL RETIREE LEGISLATIVE NETWORK

601 Pennsylvania Avenue, N.W.
Suite 900, South Building
Washington, D.C. 20004-2601
Tel: 202-220-3172 Toll-Free: 1-866-360-7197
Email: contact@nrln.org Website: www.nrln.org
www.facebook.com/nrln1 www.twitter.com/nrln3

May 26, 2021

The Speaker of the House of Representatives
United States Capitol
Washington, DC 20515

Dear Madam Speaker:

On behalf of the National Retiree Legislative Network (NLRN) and its more than 2 million members, we write to urge you to prioritize adding a low out-of-pocket cap to Medicare in your health care reform agenda. Far too many of our members in traditional Medicare and Medicare Advantage are forced to go without critical health care because they cannot afford their out-of-pocket costs.

To be clear, for our members with traditional Medicare and supplemental coverage, Medicare works well. They can see their doctors without worry about out-of-pocket costs. Their families do not lose sleep fearing that they will forgo critical care in order to support a grandchild's education or a child's housing. However, many do not have supplemental coverage through a former employer or through Medicaid and cannot afford to buy it for themselves. Higher healthcare costs are driving premiums up.

Moreover, many of our members who want to disenroll from Medicare Advantage and can afford supplemental coverage cannot get it, because insurers are not required to sell it to them. Inexplicably, the insurers are exempted from the guaranteed issue requirements that the federal government imposes on all private insurers covering people under age 65. Because traditional Medicare lacks any out-of-pocket cap, our members who can't afford Medigap coverage are at substantial financial and health risk. A single chronic illness or catastrophic health event can destroy their economic survival and too often increases the number of personal bankruptcies.

The Affordable Care Act requires all insurers to have an out-of-pocket cap that protects those under age 65; traditional Medicare should not be exempted. The government requires Medicare Advantage plans to have an out-of-pocket cap, although that cap can be as high as $7,550 this year. And, since supplemental coverage is not available to fill gaps in Medicare Advantage, our members in Medicare Advantage with costly chronic or catastrophic health care needs often end up going without needed care. Most people with Medicare do not have $5,000 to spend on Medicare-covered outpatient and inpatient services each year, much less the $7,550 maximum.

A low out-of-pocket cap in Medicare would save lives. A February 21, 2021 National Bureau of Economic Research (NBER) report finds that one in five people with Medicare stop filling all their prescriptions when their drug copay increases by $10.40. Irrational maybe, but the consequences are real and deadly for tens of thousands of them.

In 2013, the NRLN's "Medicare Out-of-Pocket Limits" whitepaper (attached) chronicled the need for leveling the playing field for those over age 65 in competing health plans. Our paper points out that the need for fair competition among plans was addressed with passage of the ill-fated 1988 Medicare Catastrophic Coverage Act. There was clear bipartisan support for adding out-of-pocket maximum protection to Medicare, the same protections offered by private plans, thus leveling the playing field for competition.

If it were not for a 15% surtax levy that created chaos and ultimate repeal of the Act, we would be in a better place today. Instead, the can was kicked down the road.

Since 1997 when Medicare Choice plans became subsidized to compete with traditional Medicare, and after 2003 when the Medicare Modernization Act increased subsidies to 13% of CMS payments to insurers and renamed Medicare Choice plans, Medicare Advantage (MA) plans, over $400 billion in subsidies ($40 billion in 2021) have been spent. Yet, since 1997, there has not been a single year when CMS' private plan payments have been less per enrollee than for traditional Medicare enrollees.

The number of Medicare enrollees is projected to grow from 61 million to 77 million or by 25%, by 2029, as expected. However, the 2020 Medicare Trustees Report revealed that 2019 Medicare payments were $796 billion, forecasted to double to $1.6 trillion or by 101% by 2029. Thus, Medicare health care costs are budgeted to grow four times faster than consumption (101% / 25%), resulting in a $649 per enrollee monthly cost increase for 77 million enrollees by 2029! If we are to save Medicare (healthcare for all Americans), per enrollee costs must be our focus!

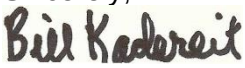
The NRLN understands political realities; few on the Hill or in advocacy organizations want to hear about taxpayer subsidization of America's health care insurance industry middlemen. But, surely, we can return to the thinking and non-partisan spirit of 1988 and learn enough from that out-of-pocket model for Congress to take action.

We urge you to add an out-of-pocket cap to all traditional Medicare choices and ban pre-existing condition requirements for Medicare supplemental insurance, reduce subsidies when possible and remove restrictive statutory language that prohibits traditional Medicare from operating competitively like a TVA, Fannie Mae, Defense Department etc. … and then let competition work.

A low out-of-pocket cap in Medicare would cost relatively little (using some of the $40 billion wasted on MA plans in 2021). With this additional benefit, traditional Medicare would be on a more level playing field with Medicare Advantage. And, it would help not only people with Medicare but their families, taxpayers, states and employers. States would save Medicaid dollars. Employers would save on retiree benefits.

In short, guaranteeing access to affordable care for our nation's older adults and people with disabilities should be at the top of the list of health care reform priorities. It is cost-effective and it saves lives. It should not be a partisan issue. It's the right thing to do, and it's building back better.

Sincerely,



Bill Kadereit, President
National Retiree Legislative Network
Phone: 972-722-5928
Email: president@nrln.org

Attachment

Copy to:
Representative Lloyd Doggett
Robert Edmonson
Wendell Primus