

March 6, 2014

Marilyn Tavenner
Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Administrator Tavenner:

The undersigned organizations, which represent thousands of businesses in retail, wholesale and manufacturing, are writing to express our serious concerns about the Advance Notice of Methodological Changes for Calendar Year (CY) 2015 for Medicare Advantage (MA) Capitation Rates released on February 21, which proposes lowering the Medicare Advantage (MA) payment rate by more than 4 percent.

Employers view MA as a critical component for employees transitioning to retirement and believe continual reductions in funding are jeopardizing the stability of the program. This reduction, coupled with the 6.7 percent reduction in 2014, will be felt by retirees in the form of higher out-of-pocket costs, less coverage and fewer provider options.

These drastic cuts to MA will increase premiums for participants and increase costs to employers. For seniors, many of whom are living on fixed incomes, another cut to MA rates would result in a significant amount of disruption, as more than 41 percent of MA beneficiaries have annual incomes below \$20,000, and 27 percent have incomes of just \$10,000. For employers, it puts an additional burden on retiree health programs and reduces the options available for retirees.

In order to prevent further damage to the program and disruption to seniors, we urge CMS to eliminate the proposed cuts, providing flat funding from 2014 to 2015.

National Association of Manufacturers
National Retail Federation
The ERISA Industry Committee

U.S. Chamber of Commerce
National Association of Wholesaler-Distributors
American Benefits Council