



April 24, 2017

Seema Verma  
Administrator, Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
200 Independence Ave SW  
Washington, DC 20201

Submitted via email: [PartCDComments@cms.hhs.gov](mailto:PartCDComments@cms.hhs.gov)

**Re: 2017 Transformation Ideas**

Dear Ms. Verma:

I am writing on behalf of the National Association of Health Underwriters (NAHU), a professional association representing more than 100,000 licensed health insurance agents, brokers, general agents, consultants and employee benefits specialists nationally. The members of NAHU work on a daily basis to help individuals and employers purchase, administer and utilize health insurance coverage, including private Medicare coverage options and private coverage to supplement traditional Medicare.

NAHU is pleased to have the opportunity to respond to your call for transformative ideas relative to the Medicare Advantage and Part D Prescription Drug Program that is outlined in the final Medicare Advantage and Part D Rate Announcement and Call Letter for calendar year 2018. NAHU believes a concentrated effort to bring cost savings and quality transformative ideas to the private Medicare program could have great benefits not only for Medicare beneficiaries, but also ultimately to the entire private health insurance marketplace. Medicare's great influence over provider payments, reimbursement rates and delivery-system structures transcends all aspects of healthcare delivery and financing nationwide. We commend you for seeking feedback from all stakeholders regarding means of bringing greater transparency, flexibility, program simplification and innovation to the private Medicare program and we offer several ideas divided by topic for your consideration.

**Embrace Health Insurance Agents and Brokers as a Medicare Beneficiary Information Channel**

First and foremost, as you embark in this important effort to improve the private Medicare delivery system, NAHU urges you to embrace the health insurance agent and broker community as a means of delivering information about cost-saving and high-quality healthcare choices within the Medicare system directly to Medicare beneficiaries and their families. The Medicare population is a sensitive one and beneficiaries need greater access to people who are licensed and specialize in assisting with making sound health plan choices.

Licensed health insurance agents and brokers are a constant private-market resource available to help seniors with all of the issues associated with their Medicare. Professionally licensed and trained independent insurance agents are appointed by the carriers to deal with Medicare issues every day and are more than capable of educating seniors and advocating for them when needed. Unfortunately, in today's private Medicare marketplace, health insurance agents and brokers are not treated the same way as they are with other coverage options and other coverage marketplaces. If CMS would take action to ensure broker treatment



parity with the Medicare supplemental, traditional under-65 coverage, for individual and employer group coverage marketplaces, it will enhance beneficiary services and the private Medicare plan experience.

NAHU believes that CMS could easily provide beneficiaries with a great resource to help them make better and more efficient choices about their coverage options by eliminating current regulatory requirements that hinder agents and brokers from making quick appointments with clients and hosting client events. There are also prohibitive restrictions for acting on a client's behalf with issuers, exhaustive record-retention and sales-call requirements, and limitations on the use of websites and modern client communication technology that should be lifted. All of these requirements increase the complexity of the role of the agent and costs to the beneficiary yet add little consumer protection value, so they should be lifted. The wide range of state and federal consumer-protection requirements applicable to health insurance agents serving other health insurance markets also apply to the Medicare marketplace to ensure that consumers will always be protected.

NAHU also urges CMS to relax restrictions that make it financially difficult for many agents to participate in the private Medicare marketplace. Federal regulations currently predetermine the amount of compensation an agent can be paid and define their payment schedule. While general limits are acceptable by regulation, insurance carriers should be permitted to pay commissions to agents with fewer restrictions. Furthermore, agents should be permitted to transfer their book of business to another agent as part of a succession plan for MA and Part D plans, just as they are allowed to for Medicare supplements and other types of coverage. Finally, agents should be allowed adequate time to establish appointments with health insurance issuers and to correct their appointments in the case of an error if they are otherwise in good standing with training and licensure requirements, just as is allowable in other private-insurance-market settings.

### **Improving Consumerism Tools**

NAHU encourages CMS to direct resources toward improving plan-selection tools so that beneficiaries, their families and their licensed insurance agents can better compare and contrast plan choices and coverage options. This would include a tool that reflects the true cost of original Medicare when it is paired with various supplemental coverage options. Additionally, NAHU believes that CMS should work to create user-friendly price transparency and provider quality metric tools for beneficiaries to help them make sound provider care choices. Licensed agents and brokers who work with Medicare beneficiaries daily would be a great resource for CMS to draw on to develop and test any new consumer tools, and NAHU members would be glad to assist CMS in any such efforts.

### **Incentives to Seek Coordinated Care**

Much of CMS's work to date to decrease private Medicare plan costs and improve the quality of care is based on provider payment incentives. Medicare is also working on some innovative methods of incenting more coordinated beneficiary care among providers, but that effort is largely invisible to the consumer. NAHU believes that there are many benefits to seniors who are able to take advantage of a well-coordinated care structure. Outcomes are often improved, the medical care process is simplified for the beneficiaries and their families, and coordinated care options provide CMS with a framework for value and quality-based payments to providers. Medicare's Accountable Care Organizations have many benefits, but since consumers are not generally aware that they are part of such a care network, they have no ownership over their care management and have little or no incentive to take advantage of all of the ACO care-management benefits. Accordingly, NAHU believes CMS should



explore ways to incent consumers to seek coverage through coordinated-care frameworks. This could either be through modifications to the existing ACO structure to engage and incent consumer participation, or by allowing insurers to create and market new coordinated care plan options to consumers, or both. With both of these options, CMS could utilize the services of licensed health insurance agents and brokers to alert beneficiaries and educate them about their benefits.

### **Incentives for Increased Consumerism**

CMS is currently experimenting with “bundled Medicare payments” to providers for specific high-cost procedures in order to reduce excessive federal spending and to incent quality of care. While such incentives on the provider end are very important, NAHU believes that they should be paired with incentives on the consumer end to seek high-quality and lower-cost care as well. The private employer-market already uses reference-based pricing models to incent beneficiaries to seek lower-cost care alternatives. This model can be very effective in reducing costs, particularly if paired with enhanced price transparency and provider quality metric tools for beneficiaries. NAHU encourages CMS to explore the use of reference-pricing incentives for beneficiaries relative to common and/or high-cost procedures. Just as with coordinated-care incentives, licensed agents and brokers could be instrumental in educating and assisting beneficiaries with price-transparency incentives.

### **Annual Wellness Visit Incentives**

All Medicare Part B beneficiaries are entitled to an annual wellness visit. As a means of improving beneficiary care coordination, NAHU believes that CMS should make it a priority to incent Medicare Advantage plans to provide and promote this service to beneficiaries as well. Furthermore, since recent research shows only 15.6 percent of Medicare beneficiaries actually access this benefit, we suggest that CMS draw on the private group insurance marketplace as an example to allow and encourage Medicare Advantage plans to implement health-contingent wellness programs and provide enrollees with premium-based incentives if they complete activity-based health improvement activities including receiving their annual wellness examination from their primary care physician.

### **Medicare Drug Price Spending**

As in all health coverage markets, prescription drug spending is rapidly increasing in the Medicare marketplace, particularly relative to high-cost and chronic conditions. NAHU recommends that CMS thoroughly review prescription drug spending rates with regard to both the Medicare Advantage and Part D programs to identify potential means of cost savings. Additionally, NAHU believes CMS should take a more holistic view of drug-cost trends among the Medicare population and review spending data for Medicare supplemental policies that include prescription drug coverage.

Improving the ability of private plans to better manage formularies should be considered as well. Right now, since Medicare plans must cover all or substantially all drugs in several protected therapeutic classes, there is little to no price competition for all of those classes of drugs. Additionally, plans have little to no flexibility to change formularies mid-year if new drug therapies come to market that impact prices. Health plans will be better able to respond to market changes and price competition will increase if greater formulary flexibility is allowed.

### **Directing the Innovation Focus toward All Medicare Coverage Choices**

NAHU is a strong supporter of Medicare Advantage and Part D coverage options, but they are not the right choice for every senior beneficiary. Medicare Advantage only covers about one-third of all Medicare enrollees,



with the rest electing original Medicare Part A & B. Of those who choose traditional fee-for-service Medicare coverage, approximately 85% also purchase private supplemental Medicare coverage or access supplemental coverage through an employer plan, including coverage of prescription drugs. Given this reality, NAHU encourages CMS to consider all Medicare-related coverage choices as opportunities for innovation and cost savings. We suggest that CMS study the enrollment rates in original Medicare when combined with other forms of wrap-around coverage and investigate why seniors often elect this coverage over other managed care options, as well as reviewing available claims data for those coverage options as means of identifying cost-saving opportunities. Licensed health insurance agents who place individuals in coverage options other than Medicare Advantage and/or Part D would be glad to serve as a resource to you about widespread consumer needs that lead to the selection of products in the supplemental marketplace. This information could be helpful as you consider further market incentives and regulatory changes CMS could make to reduce costs and improve quality of care for those Medicare beneficiaries.

NAHU sincerely appreciates the opportunity to provide comments on this letter and we look forward to working with you in the year ahead. If you have any questions or need additional information, please do not hesitate to contact me at either (202) 595-0787 or [jtrautwein@nahu.org](mailto:jtrautwein@nahu.org).

Sincerely,

A handwritten signature in black ink, reading "Janet Stokes Trautwein". The signature is fluid and cursive, with a large initial "J" and "T".

Janet Stokes Trautwein  
Executive Vice President and CEO  
National Association of Health Underwriters