



March 3, 2023

The Honorable Meena Seshamani, MD, PhD  
Director  
Center for Medicare  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, DC 20201

Re: Advance Notice of Methodological Changes for Calendar Year 2024 for Medicare Advantage  
Capitation Rates and Part C and Part D Payment Policies

Dear Dr. Seshamani:

AARP, on behalf of our nearly 38 million members and all older Americans nationwide, appreciates the opportunity to comment on proposed changes to Medicare Part C and Part D payment policies for calendar year 2024. We applaud the Centers for Medicare & Medicaid Services' commitment to health equity, affordability, and access for the more than 65 million Medicare beneficiaries.

Provisions Implementing the Inflation Reduction Act

AARP strongly supported the prescription drug provisions in the Inflation Reduction Act and continues to support their full implementation to help older Americans afford the medications they need. The implementation plans included in the Advance Notice will provide peace of mind for millions of seniors with high prescription drug costs. Under the current Medicare Part D benefit, once a beneficiary's out-of-pocket costs reach a certain amount – currently \$7,400 in spending from the individual and other sources – they enter catastrophic coverage but are still responsible for 5% of their prescription drug costs. In 2024, people with Part D coverage will not be responsible for any out-of-pocket drug costs once they enter catastrophic coverage. This is a critical first step towards capping their out-of-pocket Part D drug spending at \$2,000 per year in 2025. Currently, there is no cap on these costs, and for people taking high-priced drugs, it can mean being forced to choose between their medications and other important needs like food or rent. Many Medicare beneficiaries, who have a median annual income of just under \$30,000 per year, simply do not have the financial resources to fill prescriptions that can cost them \$10,000 or more every year.

The new rules also continue the ongoing implementation of provisions that cap insulin co-pays for people in Medicare at \$35 per month, which will be a significant help for the roughly one-in-three Medicare beneficiaries with diabetes. These are incredibly important policies that will not only save money for millions of Americans but will also save lives. In addition, we strongly support the recently implemented provision set forth in the Advance Notice that requires Medicare Part D plans to cover recommended vaccines with no cost sharing, including the shingles vaccine that has a list price of around \$350. This policy already applies to Medicare Part B-covered preventive vaccines and the small group and private markets, but for years, Medicare Part D enrollees have had to pay some level of cost-sharing for recommended vaccines depending on their plan coverage. This will not only reduce seniors' out-of-

pocket costs but is also an important preventative benefit to help protect older adults from illness. Approximately 4.1 million Medicare beneficiaries received a vaccine covered under Part D in 2020.

AARP likewise supports the provisions that will be implemented in 2024 to cap Medicare Part D premium increases at 6% per year through 2029 and to expand eligibility for the Low-Income Subsidy (“Extra Help”) program, which assists people with limited incomes and resources to pay their out-of-pocket prescription drug costs in Medicare. Starting in 2024, the income threshold for the full Extra Help benefit will increase from 135 percent to 150 percent of the federal poverty level. Right now, around 500,000 people on Medicare have incomes between 135 and 150 percent of the poverty level and receive a partial benefit. Receiving the full benefit will be a substantial help to beneficiaries’ health and pocketbooks.

### Educating Medicare Beneficiaries about Coverage Changes and Monitoring Impacts

As part of a robust effort to implement the prescription drug provisions of the Inflation Reduction Act, AARP strongly urges CMS to enhance outreach and education efforts so Medicare beneficiaries are informed about the ongoing improvements to their coverage. Specifically, we recommend:

- Developing consumer-friendly step-by-step materials to help enrollees know what to do if they *are not* receiving \$0 recommended vaccines and/or a \$35 monthly insulin cap.
- Ensuring the Medicare Plan Finder tool is ready for the annual out-of-pocket spending changes that will occur in Medicare Part D in 2024 and 2025.
- Requiring Medicare prescription drug plans’ enrollee communication materials to include and explain the annual out-of-pocket spending changes for 2024 and 2025.
- Requiring plans’ enrollee communication materials for partial Low-Income Subsidy beneficiaries to explain what—if anything—is needed to ensure they still have LIS benefits on January 1, 2024 and that they receive the full benefit, if eligible.

CMS should also consider conducting beneficiary surveys or focus groups to help ensure that they are receiving appropriate and adequate information about prescription drug-related changes due to the Inflation Reduction Act.

Finally, CMS should track and analyze Medicare prescription drug plan premium trends between 2024 and 2029 to help inform HHS decision-making for 2030 and beyond. CMS should also closely monitor trends in enrollee cost-sharing and formulary generosity over the same time period.

### Updates to Part D Benefit Parameters

CMS is required by statute to update the Part D benefit parameters for the standard benefit to reflect the percentage increase in average per capita total Part D drug expenses for Medicare beneficiaries. For the 2024 plan year, CMS specifies that the Part D benefit parameters will be increased by 8%, resulting in the deductible rising from \$505 to \$545; the initial coverage limit from \$4,660 to \$5,030; and the out-of-pocket threshold from \$7,400 to \$8,000.

This annual percentage increase is the highest in nine years and exceeds an unusually high rate of inflation. The 2024 updates to the Medicare Part D benefit parameters underscore the need for the successful implementation of the prescription drug provisions of the Inflation Reduction Act, including

strong Medicare drug price negotiation, enforceable and appropriate penalties for drug companies that increase their prices faster than inflation, and the creation of an annual out-of-pocket spending limit under Medicare Part D.

#### Medicare Advantage (MA)

AARP is committed to ensuring a strong and sustainable Medicare program and affordable care for seniors, particularly given current inflationary pressures. AARP has long called for ensuring greater efficiency and value in payments to Part C Medicare Advantage plans. We have also long championed assuring consumers a robust choice of both traditional Medicare and MA, striving to keep both options strong and on a level playing field. We appreciate CMS' continued efforts to improve the MA payment structure through ongoing assessments and data evaluation in ways that will help all beneficiaries in the Medicare program. Accurate payment rates both in traditional Medicare and in Medicare Advantage are critical to Medicare's finances and long-term sustainability, as well as beneficiary access to benefits, premium levels, and taxpayer costs.

Given the large share of Medicare beneficiaries who are enrolled in Medicare Advantage plans, it is increasingly important for CMS to monitor how well beneficiaries are being served in both Medicare Advantage and traditional Medicare in terms of costs, benefits, quality of care, patient outcomes, and access to providers. CMS should collect and publish comprehensive data that will allow for examination of beneficiary utilization of covered benefits and services, as well as related out-of-pocket spending. Improved transparency will help establish whether the program is meeting its value and quality goals and help Medicare beneficiaries meaningfully evaluate their coverage options.

Thank you for the opportunity to comment on these important issues. If you have any questions, please do not hesitate to contact me, or have your staff contact Glen Fewkes on our Government Affairs staff at [gfewkes@aarp.org](mailto:gfewkes@aarp.org).

Sincerely,

A handwritten signature in black ink, appearing to read "David Certner", with a stylized flourish at the end.

David Certner  
Legislative Counsel & Legislative Policy Director  
Government Affairs