

Question for the Record: E&C Health Subcommittee hearing – 02/26/2014

The Honorable Renee Ellmers

Question: How many plans will be eliminated as a result of the proposed Part D rule in North Carolina?

Douglas Holtz-Eakin, President American Action Forum

Answer: The county by county enrollment data from North Carolina show that very few plans with over 10 enrollees would be eliminated as a result of limiting issuers to two plans in each rating area. While AAF did not parse through every county, a sample of nine counties showed only four counties where a plan would be eliminated, and in each it was only one plan (leaving between 12-27 plans with over 10 enrollees intact).

From AAF's read of the data the majority of counties do not have significant enrollees on three plans offered by the same issuer; however, there may be plans at risk of elimination that are not apparent in the data because they have fewer than 10 enrollees in any given county and are thus not represented.

The provision in CMS's proposed rule that would prohibit preferred pharmacy networks would have a much bigger impact in North Carolina. In North Carolina, 572,525 Part D enrollees are using plans that utilize a preferred pharmacy network. Should CMS implement the policy as outlined in the proposed rule, that population, which represents 36.5 percent of the Medicare beneficiaries in the state, would be at risk of losing their plan, or having their plan altered to meet the new regulations, and their premiums increased.