



COMMONWEALTH of VIRGINIA

Office of the Governor

Terence R. McAuliffe
Governor

October 23, 2015

Dear Members of the Virginia Congressional Delegation:

I am writing to urge your timely action on the looming Medicare Part B premium increase scheduled for 2016, which will have a tremendous negative impact on states, including Virginia's Medicaid program, and other state programs and priorities.

The Medicare Trustees project a 52 percent increase in Part B premiums next year for millions of beneficiaries—most of whom are dually eligible for Medicare and Medicaid—not covered by a hold harmless provision in the Social Security Act. The hold harmless provision protects approximately 70 percent of Part B beneficiaries from premium increases that exceed the Social Security Cost of Living Adjustment (COLA). With no COLA next year, Part B premium increases will be spread among the remaining beneficiaries to ensure premiums cover 25 percent of program costs, as required by law. Nationally, it is estimated that the state share of Medicaid would increase by \$2.3 billion in calendar year 2016.

As a result of this provision, Virginia's general fund will be impacted by \$25 million in fiscal year (FY) 2016, \$64 million in FY 2017, and \$70 million in FY 2018. The burden of premium increases is placed squarely on the 30% of Medicare enrollees who are not covered by the hold harmless provision. These enrollees are expected to see their monthly premiums jump from \$104.90 to \$159.30. State Medicaid programs, which pay all or a portion of Part B premiums for dual eligibles, will be forced to absorb a disproportionate share of rising Medicare costs, leaving the Commonwealth with the responsibility for covering those increased expenses.

I urge you to work on a solution that prevents this significant cost increase to all states, and the citizens we represent. As Congress acts on this issue, please know that my office is available to answer any questions you may have. I appreciate your timely action on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Terence R. McAuliffe", written over a large, light-colored scribble.

Terence R. McAuliffe