Whereas, Each year, all insurers providing Medicare Part D coverage send the Government a
detailed forecast of their projected cost for providing prescription drug coverage for the following
year; and

Whereas, Under arcane rules, while insurers are directed to return to Centers for Medicare and
Medicaid Services (CMS) any funds received exceeding 5% of their original estimate, but are
permitted to keep any excess up to 5% for themselves; and

Whereas, According to a WSJ analysis of CMS data obtained via a public records request and
published online, during the 2006-2015 period of review across all insurers, such direct subsidy
estimates were over-estimated by $17.6 Billion, with plans actually keeping $9.1 Billion of those
over-estimated funds; and

Whereas, All insurers were paid another $27.8 Billion to cover their reinsurance underestimates;
and

Whereas, This process allows insurers to be protected from underestimating and paid extra for
overestimating; therefore be it

RESOLVED, That our American Medical Association investigate Medicare Part D rules which
allow providers to keep up to 5% more than their actual cost of providing pharmacy prescription
services while at the same time they are eligible to get paid by Centers for Medicare and
Medicaid Services reinsurance rules for certain losses. (Directive to Take Action)

Fiscal Note: Not yet determined

Received: 04/30/19