



Administrator
Washington, DC 20201

APR - 8 2014

The Honorable Ami Bera
U. S. House of Representatives
Washington, DC 20515

Dear Representative Bera:

Thank you for your letter regarding the Advance Notice and Draft Call Letter that proposes Medicare Advantage and Prescription Drug policies and payment rates for 2015.

We believe the Medicare Advantage (MA) program has proven to be successful. Since the Affordable Care Act was passed in 2010, MA premiums have fallen by nearly 10 percent and enrollment has increased by 38 percent to an all-time high of more than 15 million beneficiaries. Today, nearly 30 percent of Medicare beneficiaries are enrolled in an MA plan. Furthermore, enrollees are benefiting from greater quality as over half of enrollees are now in plans with four or more stars, a significant increase from 37 percent of enrollees in such plans in 2013.

The Centers for Medicare & Medicaid Services (CMS) takes seriously the issues raised about our proposed policies and has taken your input, as well as the comments submitted by plan sponsors, beneficiary advocates, and a range of stakeholders, into account in developing the Rate Announcement and Final Call Letter published on April 7.

The 2015 Rate Announcement and Final Call Letter sets a stable path for MA and implements a number of policies that ensure beneficiaries will continue to have access to a wide array of high quality, high value, and low cost options available while making certain that plans are providing value to Medicare and taxpayers.

Although payments will vary by plan based on its location and star rating, overall, CMS estimates the net change to plan payments between 2014 and 2015 to be +0.4 percent. The payment changes reflect continued implementation of changes under the Affordable Care Act to reduce overpayments and incentivize quality improvement, by phasing in alignment of MA benchmarks with Medicare fee-for-service (FFS) costs. The 2015 payment rates also reflect historically low growth in Medicare per-capita spending, which is attributed, in part, to successful initiatives undertaken to promote value over volume, and help curb fraud, waste, and abuse in the Medicare FFS program in recent years.

In response to comments, and in order to improve payment stability for MA plans, CMS modified several proposed policies for the final rate announcement. CMS adopted a new phase-in schedule for the new risk adjustment model that began in 2014 and decided not to finalize the proposal to exclude diagnoses from enrollee risk assessments. CMS has also refined its risk adjustment methodology to better account for the impact of baby boomers. We also decided to

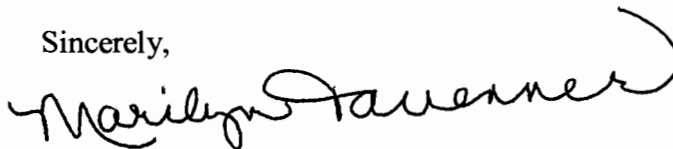
delay changes to the Star Ratings, which included not proceeding with the proposed changes to the adherence measure weights or any of the proposed “data integrity” changes. And lastly, we are not finalizing a proposal to require plans to provide additional coverage in the gap for generic and brand drugs.

Taken together, these policies continue the stepwise implementation of the Affordable Care Act reforms that have resulted in continued growth, lower premiums, and improved quality for the MA program.

The final announcement also includes stronger protections for beneficiaries enrolled in MA. CMS intends to again use its authority, provided by the Affordable Care Act, to protect MA enrollees from significant increases in costs or cuts in benefits, and, for the 2015 contract year, finalizing the permissible amount of increase in total beneficiary cost to \$32 per member per month (down from \$34 per member per month for the 2014 contract year). In addition, CMS is establishing a policy to grant enrollees a Special Enrollment Period to change plans when they are affected by significant mid-year provider network terminations initiated by MA organizations without cause.

Thank you again for raising these important issues about the MA program. I look forward to continuing our work together to ensure the MA program continues to improve the quality of care it delivers to beneficiaries and the value it provides both beneficiaries and taxpayers.

Sincerely,

A handwritten signature in black ink that reads "Marilyn Tavenner". The signature is written in a cursive style with a large, sweeping flourish at the end.

Marilyn Tavenner

Enclosure