United States Senate

WASHINGTON, DC 20510

March 9, 2016

Andy Slavitt
Acting Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
Hubert H. Humphrey Building, Room 314-G
200 Independence Avenue, SW
Washington, DC 20201

Dear Acting Administrator Slavitt:

We write to express our concerns with a number of proposed policy changes in the 2017 Advance Notice that would reduce funding for the Medicare Advantage program. We have serious concerns about the negative impact these proposals would have on the health care choices and benefits of Medicare Advantage enrollees.

The Medicare Advantage program is a valuable source of high quality, affordable health coverage for more than 17 million seniors and individuals with disabilities, including many who are dually eligible for Medicare and Medicaid and others who have complex medical needs. Many beneficiaries choose to enroll in Medicare Advantage plans because they appreciate the care coordination, disease management programs, preventive care, and other services offered by these plans.

Medicare Advantage remains popular in spite of a number of regulatory and legislative actions, including cuts included in the Patient Protection and Affordable Care Act, which have threatened to undermine the program's ability to provide seniors the care they expect. We are increasingly concerned about the impact of these cumulative actions on the program and the seniors who depend on it for their health care coverage needs. We are specifically concerned about the following three proposals.

- Employer Group Waiver Plans: Medicare Advantage retiree coverage delivers proven care coordination and disease management activities for 3.2 million retirees nationwide. The proposal to revise the payment and bidding model for Employer Group Waiver Plans would negatively impact the retiree coverage provided to beneficiaries who receive coverage through their employer. We are particularly concerned that CMS is considering moving forward with this policy administratively, even after Congresses controlled by both parties rejected this policy when it was included in the President's budget request.

- Risk Adjustment: While we appreciate efforts to improve the accuracy of the risk model for dually eligible beneficiaries, the proposed changes to the risk adjustment model could undermine plan efforts to improve beneficiary health through early detection and prevention

of chronic conditions. Additionally, we would note that this is the third model update in recent years and the fifth consecutive year for changes in how the scores are calculated. Such frequent changes add unnecessary cost, complexity, and uncertainty to the program.

- Encounter Data: The proposed changes would increase the percentage of risk score calculations that are based on encounter data from 10 percent to 50 percent. This is problematic because the encounter data system currently has numerous unresolved operational and technical issues and fails to capture a reliable, comprehensive picture of beneficiary diagnoses.

These proposed changes have the potential to create instability in the Medicare Advantage program and undermine health plan choices that are valued by millions of Americans. Recognizing the serious threat these proposals pose to the health coverage of Medicare Advantage enrollees, we strongly recommend that you carefully consider the impact of these changes on Medicare beneficiaries and, instead, adopt policies to strengthen Medicare Advantage.

Thank you for considering our views on these critically important issues.

Sincerely,

Orrin G. Hatch
Chairman
Committee on Finance

Mitch McConnell
Majority Leader
United States Senate

Mike Crapo
United States Senator

Chuck Grassley
United States Senator

Pat Roberts
United States Senator

John Cornyn
United States Senator

Richard Burr
United States Senator

John Thune
United States Senator

Johnny Isakson
United States Senator

Daniel Coats
United States Senator

Rob Portman
United States Senator

Dean Heller
United States Senator

Tim Scott
United States Senator