

Congress of the United States
Washington, DC 20515

March 28, 2018

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health & Human Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Administrator Verma,

The Centers for Medicare & Medicaid Services' (CMS) Advance Notice Part I and Part II released on December 27, 2017, and February 1, 2018, respectively, proposed changes affecting Medicare Advantage (MA) and Part D programs payments and policies for calendar year (CY) 2019. We are writing to express our views on several areas of concern with these changes and look forward to continuing to work with you on policies that both preserve beneficiary choices and ensure seniors' continued access to high-quality, coordinated care.

The MA program continues to grow, with more seniors choosing to enroll in an MA plan than in previous years. Nearly 40 percent of Medicare beneficiaries who have Parts A and B coverage are enrolled in an MA plan. Many of these plans offer supplemental benefits, reduced cost-sharing, and have innovative approaches to improve care delivery.

We are pleased that CMS has addressed a number of MA policy issues that are of importance to our Committees. In particular, we are pleased with the agency's implementation of provisions contained in the *21st Century Cures Act* and the *Bipartisan Budget Act of 2018*, including improvements to the risk adjustment model used in MA and expanded supplemental benefit offerings for seniors.

Additionally, we appreciate the adoption of a technical panel to enhance the Star Rating Program, as well as the additional flexibility provided to plans serving beneficiaries in disaster areas. We recognize the challenge in adjusting for social determinants of health in the Star Rating Program and support the Administration's proposed temporary approach. However, in order to ensure long-term stability in the MA program, a more permanent solution is needed.

While many of the Administration's proposals will improve the MA program, we remain concerned with a few areas of the proposal:

- **Risk-Adjustment:** Section 17006 of the *21st Century Cures Act* adjusts CMS's Hierarchical Condition Category (HCC) Risk-Adjustment Model to improve accuracy of payment. Specifically, Congress directed the Secretary to take into account the total number of diseases, multiple years of data, and Medicare-Medicaid dual eligibility status. In implementing this provision, the Administration proposes two models that account for beneficiaries' total number and severity of conditions, the Payment Condition Count

Model and the All-Condition Count Model. The Administration considered other models and seeks input on the timing for the phase-in of this new model, as the statute only requires the phase-in to be fully implemented for 2022 and subsequent years. In light of the complexity of this issue, we request that CMS work with health plans and other stakeholders over the next year in the most transparent manner possible so the agency benefits from robust feedback. It is critically important to develop the most accurate model possible and to ensure that stakeholders understand the full impact these changes will have.

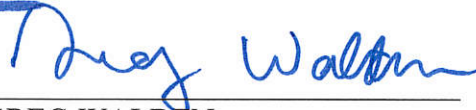
- **PACE Normalization Factor:** For CY 2019, the proposed Program for All-inclusive Care for the Elderly (PACE) normalization factor would result in a 6 percent reduction in payments to PACE programs. PACE remains a successful program and reductions of this magnitude may jeopardize the care being provided to our most frail seniors by some PACE providers. We encourage CMS to revisit this impact and take further action to modernize the PACE care delivery system. In August 2016, CMS released a proposed rule (CMS-4168-P) that would revise and update current PACE requirements. We strongly urge CMS to prioritize promulgating a final rule so that PACE programs may be afforded the certainty they need and serve more frail seniors and those living with disabilities.
- **Cost Plan Transition:** As of CY 2019, certain cost plans are required to transition to MA plans. In order to ensure that beneficiaries have enough information and time to make an informed decision regarding their coverage options for CY 2019, we respectfully request CMS provide the Committees with a detailed plan for engaging seniors ahead of the 2019 Open Enrollment season.
- **Puerto Rico:** In Puerto Rico, more than 75 percent of Medicare beneficiaries are enrolled in an MA plan, yet MA rates on the island are below those of the mainland and even the U.S. Virgin Islands. There are numerous valid approaches the agency should further consider to ensure MA rates on the island are more fair and thus sustain MA plans' ability to provide care for Puerto Ricans enrolled in MA on the island. In light of the current disparity and the recent devastation caused by the Hurricane Maria that has exacerbated challenges for plans and providers, we encourage the Administration to use all the authorities it has under current law to provide a more equitable benchmark for MA plan payments in Puerto Rico.

We stand ready to work with CMS on common-sense policies that promote informed choice, encourage plan innovation to improve care, and ensure continued access to Medicare benefits through the MA program.

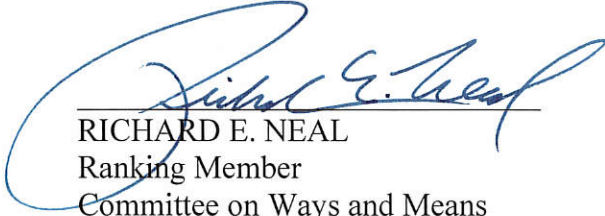
Sincerely,



KEVIN BRADY
Chairman
Committee on Ways and Means



GREG WALDEN
Chairman
Committee on Energy and Commerce



RICHARD E. NEAL
Ranking Member
Committee on Ways and Means



FRANK PALLONE, JR.
Ranking Member
Committee on Energy and Commerce

CC: The Honorable Alex Azar
Secretary
U.S. Department of Health and Human Services