# Congress of the United States
## Washington, DC 20515

March 19, 2015

Andy Slavitt
Acting Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
Baltimore, MD 21244-8013

Dear Acting Administrator Slavitt:

We write to express our disappointment with the proposed policy changes the Centers for Medicare and Medicaid Services (CMS) recently announced to the Medicare Advantage (MA) program for 2016 that will impact seniors' choices and the ability for health plans to provide important benefits to more than 16 million seniors and individuals with disabilities.

With roughly 10,000 Baby Boomers turning 65 each day, many seniors are choosing high-quality, affordable MA plans that offer coordinated care, important benefits, and a dedicated network of health care providers. Despite this, the cumulative effects of the administration's policies relating to the MA program have resulted in roughly a 10% cut to the program over the past several years. A recent report from Oliver Wyman suggests that the cuts and policies from the Call Letters between 2014 and 2015 cost beneficiaries, on average, an additional $60 to $140 per month. Additionally, according to CMS data, beneficiaries had their choices of MA plans reduced during this period.

As another round of statutory cuts and regulatory reductions hit the program this year, we worry that more and more seniors will be unable to choose a MA plan, while millions more could face reduced benefits and higher costs. We are particularly concerned with the agency's regulatory policies with respect to risk adjustment, STARS measures, and coding adjustments. Our concerns are detailed below. We urge the agency to reconsider these policies and work with Congress to strengthen and improve MA for the nearly one in three seniors who depend on the program.

*Risk Adjustment*

CMS presented an idea two years ago to alter the MA risk adjustment process. On a bipartisan basis, Congress raised concerns that those proposed changes would prevent many health plans from managing the care of many of our nation's frailest seniors. As a result, CMS

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used a blend of the old risk adjustment model and the newer model for two years, effectively acknowledging that fully adopting the new model in a single year would be too disruptive to the health plans that serve some of the most vulnerable seniors. Accordingly, we are surprised that this year CMS has set aside its incremental approach and now proposes to fully phase in the new risk adjustment model next calendar year. By CMS' own accounting, moving fully to the new model will decrease payments next year—even though inflation, health care costs, and other costs for plans will grow in real terms. We are concerned CMS' proposed action will destabilize many health plans' participation in MA and harm seniors served by these plans. For example, the proposal to remove codes from the MA payment methodology related to beneficiaries in the early stages of chronic kidney disease contradicts one of the benefits MA plans offer to seniors, specifically with respect to early clinical intervention and coordinated care. We encourage the agency to take a step back and reevaluate its proposal, consistent with its previous approach. While returning to the original model would be ideal as a starting point, we ask that CMS at the least keep the model stable from last year, and then work with the authorizing committees in Congress to make the necessary changes to ensure risk adjustment is regularly updated, accurate, and transparent.

*STARS Measures*

We have expressed concern over the past several years with the way that STARS measures have evolved. Once characterized as a tool to help seniors evaluate various plan offerings on quality metrics, STARS has morphed into a methodology that significantly impacts payment to health plans. We are concerned about the proposed "one-size-fits-all" application of the current STARS measures to MA plans. Because different health plans serve different types of beneficiaries, these plans cannot effectively be rated in the exact same way. We are concerned that altering the weight of certain measures without considering the overall impact on health plans' participation and offering of policies within the program does not lead to more accurate payments for the plans that serve the most vulnerable seniors with complex health care needs. Even CMS data portray a systematically negative disparity in STARS ratings for plans that serve larger dual-eligible populations, suggesting a need for shorter-term reforms that bridge us to larger ones. Instead of the current proposal, we encourage CMS to work with Congress to make sure there is a fair path under these measures for all plans that serve the seniors that choose MA.

*Coding Adjustments*

CMS' assumptions made in this Call Letter make a negative adjustment for health plan coding. In the interest of transparent decision-making, we request CMS provide us with more information on the methodology and assumptions behind this proposed change. We also repeat our request for the methodology behind the normalization adjustments that began last year. We believe a more transparent and accountable process is in the best interest of all stakeholders to ensure we are preserving a program that provides our seniors with consistently high-quality health care choices. We urge you to ensure further negative coding assumptions not be included in the final Call Letter and Rate Notice, a step that would be consistent with reconsideration of the proposals in this rule and a renewed effort to work with Congress.

We again reiterate our request that CMS reconsider how some current policy proposals would negatively impact MA. Instead of proceeding with finalizing the proposed changes, we encourage CMS to work with Congress to adopt more targeted improvements to the program that strengthen and improve MA. We look forward to more deliberative policy discussions with CMS in the coming months.

Sincerely,

JOSEPH R. PITTS
Chairman
Subcommittee on Health
Committee on Energy and Commerce

KEVIN BRADY
Chairman
Subcommittee on Health
Committee on Ways and Means

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U.S. House of Representatives

SAM JOHNSON
U.S. House of Representatives

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