



March 6, 2014

Marilyn Tavenner
Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Re: Advance Notice of Methodological Changes for Calendar Year (CY) 2015 for Medicare Advantage (MA)
Capitation Rates, Part C and Part D Payment Policies and 2015 Call Letter

Dear Ms. Tavenner:

With the Centers for Medicare and Medicaid Services (CMS) proposed payment changes to the Medicare Advantage (MA) program per the Advance Notice/Draft Call Letter published February 21, 2014, the Partnership for the Future of Medicare (PFM) appreciates the opportunity to provide our comments.

PFM is a bi-partisan organization focused on ensuring the long-term security of Medicare by improving the value of beneficiary care while also reducing program costs. We represent a diverse group of stakeholders, including the chronically ill, the elderly, disabled, and those living in rural settings, many of whom rely on Medicare. With these goals in mind, PFM formed a set of basic bi-partisan principles, or "guard rails," for safeguarding and enhancing the Medicare program, including rewarding quality over quantity; encouraging innovative ideas and public-private partnerships; advancing transparency, accountability and data to empower beneficiaries and providers; supporting vulnerable populations like the chronically ill; and strengthening program integrity. Our guard rails aim to move the health care system away from Medicare's current fee-for-service model to a system that rewards quality of care over quantity to encourage care coordination.

We are very concerned that CMS' proposed 2015 payment changes reflect substantial and unsustainable cuts to the MA program. Oliver Wyman actuarial analysis released on February 27th estimates that the proposed cuts total a -5.9% reduction in payments for MA plans in 2015. A cut of this magnitude, when combined with the 2014 MA cut of between -6.5% and -6.9% means the program and its beneficiaries would shoulder a double digit cut in just a two year period. The proposed payment reductions to MA will harm the stability of the Medicare program, and thereby, the 15 million seniors that like and want to keep their current MA plans and doctors.

Beneficiaries are seeing significant changes to their MA plans in 2014 as a result of program payment cuts. Hundreds of thousands of beneficiaries lost access to their preferred plan as plans exited the market (Avalere 2013). Further, beneficiaries may be experiencing higher out-of-pocket costs, benefit reductions, and in some cases, their provider no longer in the network. Oliver Wyman estimated that cuts to MA in 2015 could cause significant disruption, leading to benefit reductions and premium increases of up to \$900 in 2015, or up to \$1740 in just two

years, as well as incite further plan exits from the market. They also note that such an impact would disproportionately affect beneficiaries with low incomes, which constitute a significant proportion of MA enrollees. In addition, cuts to MA have the potential to stifle innovation achieved by MA plans in recent years, such as new ways to pay for and deliver coordinated care, achieve better outcomes and value-driven results.

While we are encouraged by CMS' progress in similar, successful initiatives such as Accountable Care Organizations, Bundled Payments, and Patient-Centered Medical Homes, it is important to note that MA plans have been implementing these types of care-improving and cost-saving models for years, providing the groundwork for the current demonstrations. MA is a critical program that serves nearly 30% of all Medicare beneficiaries and is making important strides in fostering more coordinated, preventive, integrated, and quality care in a variety of settings, including the home. Our fear is that the proposed cuts to MA payment rates could drive more beneficiaries back into the flawed fee-for-service system and be detrimental to existing efforts and progress being made in the program.

We ask that CMS hold 2015 Medicare Advantage payment rates flat in the final April 7th notice in order to safeguard program security, protect beneficiaries' access to popular MA plans, and ensure that MA continues to serve as an innovative model and valued partner for broader Medicare reform efforts.

Thank you again for this opportunity to provide our comments on proposed changes to MA rates. We look forward to working with you as our organizations continue to encourage efforts to strengthen the financial sustainability and value of care within the Medicare program.

Sincerely,

/s/ Douglas Holtz-Eakin, Ph.D.
Co-Chair, Partnership for the Future of Medicare

/s/ Kenneth Thorpe, Ph.D.
Co-Chair, Partnership for the Future of Medicare

/s/ Cynthia Bens
Vice President of Public Policy, Alliance for Aging Research

/s/ Eric Berger
CEO, Partnership for Quality Home Healthcare

/s/ Frederic S. Goldstein
Interim Executive Director, Population Health Alliance

/s/ Mary R. Grealy
President, Healthcare Leadership Council

/s/ Mara McDermott
Director of Federal Affairs, CAPG

Cc: The Honorable John Boehner
The Honorable Mitch McConnell
The Honorable Nancy Pelosi
The Honorable Harry Reid