

March 31, 2016

Andy Slavitt  
Acting Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue, S.W., Room 445-G  
Washington, DC 20201

Dear Acting Administrator Slavitt,

We write to express our concern with the cumulative impact of cuts to Medicare Advantage from 2014 through 2016 and the consequences of the proposed 2017 rate notice. More than 17 million Americans, or roughly 30 percent of all Medicare beneficiaries, now enjoy the benefits of Medicare Advantage, and we are concerned that proposals to the risk adjustment model, encounter data, and Employer Group Waiver Plans (EGWPs) will have a negative effect on our members, their families, and seniors throughout the country.

We respectfully urge CMS in its final call letter to prioritize the stability of the Medicare Advantage program and the well-being of the beneficiaries who rely on its innovative care coordination and disease management services.

A recent report from Oliver Wyman found that CMS' proposed changes in the CY2017 45-Day Notice for Medicare Advantage would result in an estimated 0.5 to 3.9 percent cut to Medicare Advantage payments in 2017. This will create additional instability and uncertainty for beneficiaries at a time when surveys show they are overwhelmingly satisfied with their coverage.

Of particular concern is the agency's proposal to create new risk adjustment models for dual eligible beneficiaries and individuals with disabilities. Oliver Wyman estimates that this change alone would result in a 2.1 percent reduction in funding. These cuts could negatively impact beneficiaries enrolled in Medicare Advantage and these plans' activities to improve beneficiaries' health by detecting and treating chronic illness early.

CMS' proposed changes would also increase the percentage of risk score calculations based on encounter data, a model that currently faces a number of technical challenges and fails to provide an accurate picture of diagnoses. This change would result in a funding reduction of up to 3 percent, according to the report.

Furthermore, the proposals to alter the payment and bidding model for EGWPs could result in disruption for beneficiaries by creating ambiguity related to the cost of providing coverage for almost 3.2 million beneficiaries.

“Such reductions, coupled with the reductions experienced in 2014 through 2016, could have a significant impact on the sustainability of Medicare Advantage Organization (MAO) program

participation and the ability of MAOs to provide stable benefits and affordable premiums to their members,” according to Oliver Wyman.

Medicare Advantage is an important source of coverage for low-income and diverse Medicare beneficiaries. In fact, 37 percent of seniors enrolled in Medicare Advantage had incomes of less than \$20,000 and 29 percent represent ethnic minority populations.

The comprehensive disease management programs and care coordination services provided through Medicare Advantage help millions of seniors and individuals with disabilities manage their often complex and myriad health conditions. This successful care coordination and health management has been shown to prevent costly hospital readmissions and increase access to preventive care.

We find the proposed cuts to 2017 Medicare Advantage payment rates—compounded by the funding cuts of past years and the ongoing phase-in of ACA cuts—to be of great concern; these cuts could jeopardize coverage for beneficiaries who greatly need the kind of quality and coordinated care offered under Medicare Advantage. We urge you to reverse this trend of reductions to Medicare Advantage funding, beginning with the proposed 2017 cuts, and encourage you to instead create a stable environment for beneficiaries.

Thank you for your consideration of our perspective on this important issue.

Sincerely,

**RetireSafe**

**Alliance for Aging Research**

**American Association of Diabetes Educators**

**American Autoimmune Related Diseases Association**

**Association of Hispanic Healthcare Executives**

**Asthma and Allergy Foundation of America**

**Black Women’s Health Imperative**

**Blue Ribbon Advocacy Alliance**

**Council for Affordable Health Coverage**

**Caregiver Action Network**

**Direct Primary Care Coalition**

**Global Liver Institute**

**Healthcare Leadership Council**

**Men’s Health Network**

**National Association of Directors of Nursing Administration/Long Term Care**

**National Association of Nutrition and Aging Services Programs**

**National Consumers League**

**National Council of Asian Pacific Islander Physicians**

**National Grange**

**National Hispanic Chamber of Commerce on Health**  
**National Hispanic Medical Association**  
**National Minority Quality Forum**  
**National Patient Advocate Foundation**  
**U.S. Pain Foundation**  
**Veterans Health Council**  
**Vietnam Veterans of America**