Marilyn Tavenner, Administrator Centers for Medicare and Medicaid Services (CMS) 200 Independence Avenue SW Washington, DC 20201

Dear Ms. Tavenner:

The undersigned organizations are writing to express our support for policies enacted through the Affordable Care Act (ACA) that will gradually align Medicare Advantage (MA) reimbursements with traditional Medicare. We share a commitment to advancing the health and economic security of older adults and people with disabilities, while also promoting the long-term sustainability of the Medicare program.

CMS acknowledges that proposed MA payment rates are calculated in accordance with the law. Prior to the ACA, MA plans were significantly overpaid relative to the traditional Medicare program. In 2009, Medicare paid MA plans \$14 billion more than if the same care had been provided under traditional Medicare, about \$1,000 more per beneficiary. On average, MA plans were paid 114% of costs under traditional Medicare, with some plans paid as much as 118%.

We believe the above mentioned policies are critical to stabilizing the fiscal health of the Medicare program, and to ensuring efficient spending of taxpayer dollars. CMS' proposed payment rates are reflective of these policies, and we support their implementation as such.

At the same time, the law requires that MA payment rates be revisited on an annual basis to account for estimated per beneficiary spending by traditional Medicare. Both Medicare cost growth and national health expenditures have grown at historically small rates over the last several years. These slowed rates translate into an improved financial outlook for the Medicare program as well as lower costs and stable premiums for beneficiaries. The 2015 MA payment rates proposed by CMS appropriately reflect this slower growth. We do not believe that MA plans should be insulated from these encouraging trends.

We urge CMS to continue to monitor the MA plan landscape to ensure that plans are optimally serving people with Medicare under the revised payment system. MA plans continue to be a popular option for Medicare beneficiaries. MA enrollment is on the rise, increasing 30% from 2010 to 2013 to 15 million enrollees.² According to Congressional Budget Office projections, enrollment in MA plans will continue

¹ MedPAC, Report to the Congress: Medicare Payment Policy," (March 2009), available at: http://www.medpac.gov/documents/mar09_entirereport.pdf

² Jacobson, G., "Projecting Medicare Advantage Enrollment: Expect the Unexpected?" (Kaiser Family Foundation: July 2013), available at: http://kff.org/medicare/perspective/projecting-medicare-advantage-enrollment-expect-the-unexpected/

to increase, with an expected 21 million enrollees in 2023.³ Additionally, average MA plan premiums are down 9.8% over the last several years.⁴

In closing, we believe it is in the best interest of today's and future Medicare beneficiaries and American taxpayers to establish greater parity between MA plan reimbursements and traditional Medicare costs. We urge CMS to stay the course and to continue to implement Medicare Advantage policies enacted through the ACA. Thank you.

Sincerely,

AFL-CIO

Alliance for Retired Americans
Center for Medicare Advocacy, Inc.
Families USA
Medicare Rights Center
National Adult Day Services Association
National Committee to Preserve Social Security and Medicare
National Senior Citizens Law Center
Services and Advocacy for GLBT Elders (SAGE)
OWL-The Voice of Midlife and Older Women

³ Congressional Budget Office (CBO), "CBO's May 2013 Medicare Baseline," (May 2013), available at: http://www.cbo.gov/sites/default/files/cbofiles/attachments/44205_Medicare_0.pdf

⁴ U.S. Department of Health and Human Services, "Press Release: More, higher quality options for seniors in Medicare Advantage," (September 2013), available at: http://www.hhs.gov/news/press/2013pres/09/20130919b.html