



Congress of the United States
House of Representatives
Washington, DC 20515

March 20, 2013

Marilyn Tavenner
Acting Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
200 Independence Avenue, S.W., Room 445-G
Washington, DC 20201

Dear Administrator Tavenner,

We write to express our concerns about the Centers for Medicare and Medicaid Services' (CMS) Advance Notice of Methodological Changes for Calendar Year (CY) 2014 for Medicare Advantage (MA) Capitation Rates, Part C and Part D Payment Policies and 2014 Call Letter. Medicare adjusts provider payments depending on the patients' level of illness using the Hierarchical Conditions Category (HCC) model. Under the proposed changes, dementia will no longer be considered as a factor in the CMS-HCC risk adjustment model, which is used to determine appropriate reimbursement rates for seniors in MA health plans and the Program of All-Inclusive Care for the Elderly (PACE).

As Members of Congress concerned about protecting health care services for patients with Alzheimer's and other dementias, we believe that failing to take a dementia diagnosis into account could result in CMS significantly underestimating the cost of treating our highest risk and most frail Medicare beneficiaries. These patients not only have significantly higher costs, but they are more likely to need specialty care and are at greater risk for hospitalization. Accordingly, by CMS' own analysis, risk adjustment models underestimate the cost of treating patients suffering from dementia by 14 percent. Ignoring the additional costs and risks associated with dementia patients could threaten the ability of MA Special Needs Plans (SNPs) and PACE programs to provide health coverage and quality, innovative services to this vulnerable population.

According to the National PACE Association, the combined impact of (1) the estimated change in the national per capita growth percentage, (2) the recalibration/clinical revision of the CMS-HCC risk adjustment model, and (3) the increase in the MA coding adjustment factor will eventually reduce Medicare payments to PACE organizations by an average of 10 percent. In short, the proposed changes in the CMS-HCC risk adjustment model as applied to PACE are a step backward. These changes will reduce the accuracy with which the current risk adjustment model predicts the cost of PACE enrollees' care.

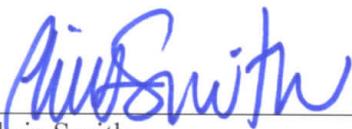
The PACE program provides critical services for some of our nation's most frail and vulnerable seniors. In fact, PACE is one of only a few programs that provide truly integrated services to individuals with complex medical and long-term care needs. It faces the additional challenge of being unable to recover its costs by raising premiums, deductibles, or co-pays. Indeed, a cut of this nature would be unsustainable for many PACE programs and would jeopardize our frailest beneficiaries' access to a much needed source of care.

In light of CMS' proposal, we request a response to the following questions prior to the final decision:

- 1) Why did CMS believe it was appropriate to remove the HCC for dementia from the CMS-HCC risk adjustment model?
- 2) Does CMS have concerns about the accuracy or appropriateness of the dementia code and, if so, why did the agency decide to eliminate the code rather than revise it?
- 3) What impact does CMS anticipate the change will have on access to health care services for dementia patients?
 - a. Does CMS anticipate the change will impact the ability of MA health plans and PACE programs to serve high-cost, medically complex dementia patients?
 - b. Is it possible the health plans will be forced to shift additional costs onto beneficiaries or refuse to treat dementia patients?

As our nation continues to grapple with strategies to control health care costs for an increasingly aging society, we should advance policies that support high-quality, cost-effective programs that provide health coverage and health care services for individuals with Alzheimer's and other dementia. We strongly urge you to restore the consideration of a dementia diagnosis when taking into account provider reimbursement rates. Thank you for the opportunity to comment on this proposal and we look forward to your response. If you have any questions, please contact Cate Benedetti (Rep. Smith) at cate.benedetti@mail.house.gov or Sara Schaumburg (Rep. Markey) at sara.schaumburg@mail.house.gov.

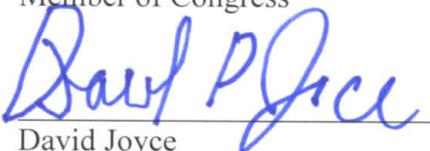
Sincerely,



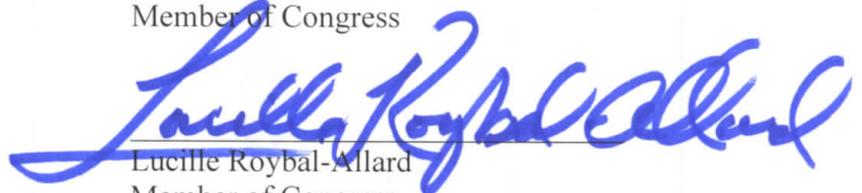
Chris Smith
Member of Congress



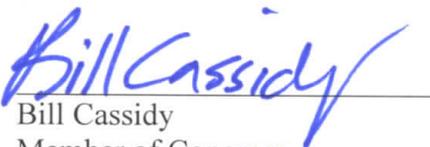
Edward J. Markey
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Shelley Moore Capito

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Maxine Waters

Maxine Waters
Member of Congress

Brian Higgins

Brian Higgins
Member of Congress

Stephen Lynch

Stephen Lynch
Member of Congress

Jim McGovern

Jim McGovern
Member of Congress

A handwritten signature in cursive script, appearing to read "Richard Neal", written in dark ink on a white background.

Richard Neal
Member of Congress