

Congress of the United States
Washington, DC 20515

March 30, 2011

The Honorable Kathleen Sebelius
Secretary
U.S. Dept. of Health and Human Services
200 Independence Ave., SW
Washington, DC 20201

Dr. Donald Berwick
Administrator
Centers for Medicare and
Medicaid Services
200 Independence Ave.,
Washington, DC 20201

Dear Secretary Sebelius and Administrator Berwick:

Last year, each of us wrote to respectfully urge the Centers for Medicare and Medicaid Services to exercise its authority to employ an alternative calculation method to determine per capita FFS spending in Puerto Rico when setting payment rates for Medicare Advantage plans on the Island.¹ As CMS finalizes its rate-setting process for MA plans for 2012, we write to underscore the magnitude of this issue and to reiterate our hope that it will be resolved in a thorough and thoughtful manner.

In those letters, as well as in numerous follow-on conversations our offices held with HHS and CMS officials, we noted that failure to ensure that MA plans in Puerto Rico are fairly compensated is likely to have adverse consequences for the hundreds of thousands of seniors who rely on these plans to obtain affordable, high-quality health care. We are encouraged by the positive first steps that CMS has taken in its 2012 Advance Notice of Methodological Changes, but we believe additional action is both justified and essential.

MA plans that operate in Puerto Rico have shared with CMS—and with us—their actuarial analysis of the 2012 Advance Notice and their conclusions as to how the proposed policies would impact Puerto Rico. That analysis indicates that Puerto Rico MA plans would receive a 2.6% reduction in their payment rates. According to the analysis, Puerto Rico would be one of only 10 U.S. jurisdictions

¹ Rep. Rangel's letter, dated May 24, 2010, was addressed to then-Acting Administrator Marilyn Tavenner. Ms. Tavenner's response, dated September 29, 2010, said that CMS "agree[s] this is an important issue" and "share[s] your concern." Rep. Pierluisi's letter, dated October 21, 2010 and co-signed by Senator Robert Menendez and Reps. José Serrano, Nydia Velázquez and Luis Guterrez, was addressed to Secretary Sebelius and Administrator Berwick. Secretary's Sebelius response, dated December 23, 2010, stated that CMS "began a detailed analysis in the fall of 2010 to determine whether the FFS costs in Puerto Rico are lower than they would be if beneficiary characteristics were more like those in the States."

where MA plans would experience a payment reduction, and its 2.6% reduction would be—by far—the largest percentage decrease of any jurisdiction. In light of this disquieting data, we believe further action by CMS is necessary and look forward to continuing to work with you on this critical issue.

Sincerely,



Pedro R. Pierluisi
Member of Congress



Charles B. Rangel
Member of Congress

*This is very
important to our
friends & citizens
in Puerto Rico*

