

**U.S. House and Senate Notification**  
**Monday, April 4, 2011**

**To: Congressional Health Staff**

**From: Amy Hall, Director**  
**Office of Legislation**  
**Centers for Medicare & Medicaid Services**

**Re: CMS issues Final 2012 payment policies for Medicare drug and health plans**

The Centers for Medicare & Medicaid Services (CMS) today issued changes to Medicare Advantage (Part C) and Medicare prescription drug (Part D) plans for 2012.

Program updates highlighted in today's Rate Announcement and Call Letter include:

- The final estimate of negative 0.16 percent change in the National Per Capita Medicare Advantage Growth Percentage ("Growth Percentage"). This metric measures the estimated growth in per capita expenditures for Medicare beneficiaries and will help determine the benchmarks for Medicare Advantage Organizations.
- A revision of the Quality Bonus Demonstration to create stronger incentives for Medicare Advantage Organizations to improve the quality of care being provided to members. The final quality bonus percentages are unchanged from the Advance Notice. We will apply the plan's quality bonus percentage to both the applicable amount and the specified amount when calculating the blended benchmark, and will not cap the blended rate at the level of the pre-Affordable Care Act rate for plans with 3 to 5 stars.
- Implementation of the clinically updated CMS-HCC model initially proposed in the 2011 Advance Notice for PACE organizations for 2012.
- The method to determine which Fully Integrated Dual-Eligible (FIDE) SNPs have levels of frailty similar to PACE, and would therefore receive frailty adjusted payments in 2012.
- New guidance on a special enrollment period in 2012 to enable beneficiaries to switch to a Medicare Advantage plan or a prescription drug plan with a 5-star-quality rating at any time during the year.
- New cost-sharing thresholds for Medicare Advantage and Prescription Drug plan benefit packages that help CMS to ensure plan benefit designs do not discriminate against beneficiaries in poor health.
- An adjustment of 3.41% that would apply to all plans' Part C risk scores to account for differences in coding patterns between Medicare Advantage plans and Medicare Part A and Part B providers.
- Changes in calendar items and annual renewal marketing material due dates as a result of the earlier Annual Enrollment Period (AEP).
- Statutory updates to the annual benefit parameters for the defined standard Part D prescription drug benefit.
- New guidance regarding how Part D sponsors handle prescriber identifiers on Part D claims and PDE records.

A fact sheet summarizing the Rate Announcement and Call Letter is available at the following link:

[http://www.cms.gov/apps/media/fact\\_sheets.asp](http://www.cms.gov/apps/media/fact_sheets.asp)

The Rate Announcement and Call Letter may be viewed using the following link:

<http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/>

Please contact the CMS Office of Legislation with any questions. Thank you.