

U.S. House and Senate Notification
Tuesday, September 21, 2010

To: Congressional Health Staff

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

Subject: CMS Announces 2011 Part D and Medicare Advantage Plan Options

The Centers for Medicare & Medicaid Services (CMS) announced today that, on average, premiums for Medicare Advantage plans will decrease by 1 percent in 2011, while benefits will remain substantially similar from 2010 to 2011. Enrollment in Medicare Advantage plans is projected to rise 5 percent in 2011, according to plan bids. Access to a Medicare Advantage plan remains strong, with 99.7 percent of beneficiaries having access to a Medicare Advantage plan for 2011.

Using new tools provided by the Affordable Care Act, CMS worked closely with Medicare Advantage Organizations and Prescription Drug Plans to:

- Protect beneficiaries from excessive increases in premiums and cost sharing through aggressive bid reviews;
- Consolidate low enrollment and duplicative plans so beneficiaries have meaningful differences between plans offered by the same organization;
- Set limits on out-of-pocket expenses;
- Cover preventive services with no cost sharing; and
- Limit plan cost sharing for skilled nursing care, chemotherapy, and renal dialysis to the amounts paid by beneficiaries in Original Medicare.

As expected, about 5 percent of beneficiaries enrolled in non-employer Medicare Advantage and stand-alone Prescription Drug Plans will need to choose a new health plan or Original Medicare because their current plan is not renewing its contract with Medicare in 2011. Over 75 percent of Medicare Advantage ‘non-renewals’ are occurring because private fee-for-service (PFFS) plans made business decisions to leave Medicare in certain parts of the country, largely due to a 2008 law that requires PFFS plans to form provider networks in certain areas of the country. All but 2,300 enrollees in Medicare Advantage plans that no longer participate in Medicare will have a choice of enrolling in a different plan. In 2010, 86% of beneficiaries whose plan did not renew its contract joined another Medicare Advantage plan.

CMS will continue to work with beneficiary advocates and State Health Insurance Assistance Programs (SHIPs) and send letters to beneficiaries to make sure they take the necessary steps to keep coverage that best meets their needs next year. Beneficiaries enrolled in plans that are not available next year will receive notice of the non-renewal from their plan in the next few weeks.

Beneficiaries who do not enroll in another health plan will receive medical coverage under Original Medicare, but must enroll in a Part D plan to keep their drug coverage. Beneficiaries eligible for the Part D low-income subsidy will be enrolled in a zero-premium drug plan if they do not select a plan.

Beneficiaries should receive their 2011 *Medicare & You* handbook and find updated information at www.medicare.gov and 1-800-Medicare in mid-October. Users of the Medicare Plan Finder, available at www.Medciare.gov, will be able to compare plans' quality summary rating from the previous year, identify which drugs may or may not be on a plan's formulary or be restricted, and compare the cost ranges for plans available in their community. In addition, Medicare has joined forces with thousands of organizations and individuals across the country, including local State Health Insurance Assistance Programs (SHIPs), to assist in beneficiary decision-making.

Additional Resources are available at the following links:

National Press Release: http://www.cms.hhs.gov/apps/media/press_releases.asp

Medicare Health and Drug Plan State-by-State Fact Sheets:
<http://www.cms.hhs.gov/center/openenrollment.asp>

2011 Plan Landscape Files: <http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/>

If you have questions about this announcement, please contact the CMS Office of Legislation. Thank you.