

U.S. House and Senate Notification
Monday, April 5, 2010

To: Congressional Health Staff

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

Re: CMS Releases the 2011 Medicare Advantage and Part D Rate Announcement

Today the Centers for Medicare & Medicaid Services (CMS) released the 2011 Medicare Advantage (MA) and Prescription Drug (Part D) Benefit Rate Announcement, including final MA payment rates and MA and Part D plan payment policies for the 2011 calendar year. The announcement provides MA and Part D plans the information they need to structure their benefit packages and to prepare their bids for the 2011 plan year.

Since the Health Care Education and Reconciliation Act (HCERA) of 2010 requires that CMS freeze the 2011 capitation rates by using the 2010 rates for 2011, the MA growth percentage is not used in the MA payment rate calculation for 2011. Therefore, CMS is not announcing an updated MA growth percentage for 2011 as previously indicated in the Advance Notice. Given that the MA capitation rates are frozen, CMS is limiting other changes to the Part C payment methodology. For 2011, CMS will not update the Part C Risk Adjustment model and the coding intensity adjustment will remain at 3.41%.

The Rate Announcement includes two sections that address the Part D coverage gap provisions that affect 2011 and the methodology CMS will use to calculate the low-income premium subsidy benchmark in each Part D region in 2011.

The 2011 Rate Announcement is available on the CMS Web site at:
<http://www.cms.gov/MedicareAdvtgSpecRateStats/Downloads/Announcement2011.pdf>

The 2011 Ratebook and Supporting Data is available on the CMS Web site at:
http://www.cms.gov/MedicareAdvtgSpecRateStats/11_Ratebook.asp#TopOfPage

A fact sheet on the rate announcement is available on the CMS Web site at:
http://www.cms.hhs.gov/apps/media/fact_sheets.asp

If you have any additional questions, please contact the CMS Office of Legislation.

Thank you.