



2015 Medicare Advantage and Prescription Drug Plan Spring Conference & Webcast Transcript

Opening Remarks

Kicking things off for us this morning is the Deputy Administrator and Director of the Center for Medicare, please welcome Sean Cavanaugh.

Thank you, Stacey. And good morning everybody who is here at CMS and those of you joining us by webcast. As you heard, I'm Sean Cavanaugh. I'm the director of the Center for Medicare. I just wanted to say a few remarks to welcome you here today to our spring conference. It's an interesting time to be at CMS. We are, as many of you know, this summer we're going to be celebrating the 50th anniversary of the signing of the legislation that created Medicare and Medicaid. This year we're also celebrating the fifth anniversary of the passage of the Affordable Care Act, so two monumental time periods in the history of the programs that we administer. And these milestones have generated a fair amount of thought, strategic thinking, and taking stock of where the programs are.

And the good news, as I'm sure many of you know is the state of the Part A -- excuse me, the Medicare Part C and Part D programs is very strong. We're very pleased with all the growth. You know, this year we'll have 16 million beneficiaries in Part C, 40 million in Part D. Those numbers have been growing consistently. The quality of care our beneficiaries are receiving in the programs has improved every year in the last several years. Premiums have remained fairly stable. Benefits have remained stable. So I think there's been a real success story in these programs, and we take pride in that, and we hope you do, too, because you've been a big part of that success.

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Despite all the recent successes in Medicare and the continued improved care that our beneficiaries receive, enormous challenges lie ahead that we'll all have to work together to meet. The biggest of those challenges is, of course, the aging of the Baby Boomers. So in the 50 years since the passage of the legislation that created Medicare we've added about 30 million beneficiaries to Medicare, so growing from about 20 million to about 50 million over 50 years. We'll add another 30 million beneficiaries in about the next 15 years. So 60% growth in the population of the Medicare beneficiaries in just a short period of time. This will make it imperative that we all work together to find ways to provide care more efficiently and to continue the quality improvements that have been happening in recent years.

A somewhat less celebrated anniversary is this is about one year since I assumed the head of the Center for Medicare. There were fewer celebrations scheduled. But one of the things we've tried to establish, or at least confirm, because I'm sure it's a long-term policy years, and I've been trying to reach out to many of you, we are here to listen. We are open to hearing your thoughts, and we do that through many venues. We have a lot of regular meetings scheduled with many of you, but I think I've maintained a record in the past year that anybody who has asked to meet with me I have met with. I can't always accommodate the preferred dates and so forth, but we're here and we do listen.

As you know, as well as anybody, we don't always agree, but we will listen. The second commitment that I've tried to make is we will follow through on the promises we make. And we made some promises in this year's call letter and rate notice. We actually made quite a few, and we've kept a list and we're tracking them. But I wanted to call out three specific promises we made and reaffirm our commitment to following through on these.

One was we heard from many plans, both before the call letter and after and during, that they feel that our system, particularly the payment system and our risk adjustment system, doesn't properly reflect the higher costs of treating dual-eligible beneficiaries. So we made a commitment in the final call letter and rate notice, and we're going to follow through that we're going to spend this summer doing intensive research on whether our risk adjustment system properly adjusts for costs in the duals. And if we find actionable information we'll move on it next year. So that was commitment number one, and we're going to follow through.

The second, and this has been ongoing a bit, is many of you -- that was on the risk adjustment system -- many of you have come to us and said our Star Rating system doesn't appropriately adjust for the socioeconomic status of some beneficiaries. I've spoken about this before. This is a very difficult issue, but one we take extremely seriously. We have done several things in that regard. One, we solicited information from many of you, and many of you responded and provided us really useful information through our request for information.

We've also commissioned research on our own to look at this issue, and we've made that publically available on the website. We don't know that we've really figured this problem out, and we proposed an interim solution in this year's call letter. But what we heard almost unanimously in the comments on the draft call letter was that many of you thought that the interim solution was not helpful, so we withdrew that, again, trying to listen to you and take seriously the comments you provide.

But this was the beginning of the conversation on socioeconomic status, not the end. So we're going to continue working on it this summer. We have colleagues with the Assistant Secretary for Planning and Evaluation who are doing research. We're staying in touch with them and sharing results. And we continue to be open to any input you want to share with us, and many of you have continued to do so. So that is our second commitment, to continue to try to understand how socioeconomic status affects our Star Ratings and to consider whether any adjustments are necessary in our system.

The last one I wanted to mention, which is really only applicable to select number of plans, but we heard a lot from the Commonwealth of Puerto Rico that our rate-setting systems systematically disadvantaged them. And many of the things they raised we thought were driven by statutory provisions over which we had no control. But late in the game they did bring to us a very technical issue that they thought had a very profound effect on their rates. And we've made a commitment to study that and to get back to both the plans and also the congressional representatives to let them know whether we agree that problem exists, and if we do, we will propose a solution.

So those are the three major areas where I think we've made significant commitments to work, and we're going to follow through on them, but there are a number of other commitments and we're going to follow through on all of them.

The final thing I'd like to mention is, as many of you know, back in January, the new Secretary of Health and Human Services, Sylvia Burwell, made a historic announcement about delivery system reform. And in that she articulated that to fulfill the vision of the Affordable Care Act, we really fundamentally need the delivery system to perform differently. And to do that, we need to continue to provide them the right incentives and the right information. She also announced for the first time in the history of the Medicare program very specific milestones and time table for taking our Medicare fee-for-service program and moving it to value-based payment and alternative payment models. This announcement she made in January was reaffirmed when Congress passed the Sustainable Growth Rate Bill.

One of the questions that came up quickly, though, is the goals and the milestones and so forth were all expressed in terms of Medicare fee-for-service, and we know Medicare Advantage has become such an important part of the program and it cannot be ignored in this regard. In the call letter, we solicited comments from you on what your plans are doing to support delivery system reform, and we got some very interesting responses.

We've also extended to you an invitation. When the Secretary announced her goals, she announced something called the "Health Care Learning and Action Network." This is going to be a vehicle for us all to work together, whether we're payers or providers or professional associations, to try to see what delivery system reform means in individual communities, how do we make it work, how do we make it work across providers, make it work for -- across -- excuse me, across different payers, but also make it something that providers think is welcoming and something they can succeed under. So we invite you to explore the Health Care Learning and Action Network. So we invite you to share your ideas with us on how Medicare fee-for-service should be working in unison with Medicare Advantage plans to help drive positive change in the delivery system.

With that, I'll thank you again for joining us. I've heard the very impressive numbers of folks that are on the webcast. I've reviewed the agenda and I see that there's a lot of substance that's going to be discussed today. So I thank you for your time. And enjoy your day.

Thank you, Mr. Cavanaugh, for sharing with us this morning.