



Opening Remarks

Sean Cavanaugh, Deputy Administrator and Director, Center for Medicare, CMS

Sean Cavanaugh: Thank you, Stacey.

And thank you, everyone, for joining us today. Welcome to CMS; welcome to the conference. We're glad to have you here, including folks who are joining us by webcast.

I wanted to take a few minutes just to do a few brief things. First and foremost, I want to thank you. The Medicare Advantage and the Prescription Drug programs continue to be very popular among our beneficiaries. They give our beneficiaries choice of how to receive their services; they give them a choice to save money on cost sharing; and they protect them from the high costs of care. And consistently, they're providing them with high-quality care. These are all things the Agency cares about, and we appreciate your partnership in helping deliver on those promises to our beneficiaries. So thank you for another great year, and we're looking forward to working with you in the year ahead.

Briefly, I just want to talk about what we accomplished in the year leading up to now. And I want to focus particularly on two areas. One is the risk adjustment changes we made in the Medicare Advantage program and the other is the introduction of socioeconomic status adjustments to the star ratings.

Clearly, other things went on this year; but I wanted to call these out because these are emblematic of the way we're trying to work with the

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industry. In each of these areas, we tried to be deliberate about our work, meaning doing research, trying to find empirically what the answer to each of these was. We tried to be transparent in that we shared the research that we were conducting, and we asked the industry to share with us any research or data that you had. And we tried to be collaborative; in addition to sharing data, we tried to provide you with additional time to engage with us on these important issues. And as you know, with the Rate Notice and Call Letter this year, we made important policy changes.

But we hope you're picking up that there's a cadence to this work. Whenever possible, we want to engage with the industry; solicit your ideas for change; and work with you as we move towards possibly changing policy.

In that respect, I'd like to talk about a couple of things that could be on our agenda for the coming year. First and foremost – not that we have specific policy proposals, but we will be working with the industry in seeking ideas on how to control the high cost of drugs in Part D. I think collectively we've been successful in holding down the premiums for our beneficiaries, but we all know that the costs of the program as a whole are growing at a very high rate. And so we look forward to working with you in that area.

As we indicated when we did the star ratings and socioeconomic status adjustment, we indicated that the provision and policy change we enacted was an interim adjustment because Congress had instructed our colleagues in the Department of Health and Human Services and the Assistant Secretary for Planning and Evaluation to study this issue further. So we look forward to working with you as ASPE publishes their work and possibly proposes additional changes, but we'll all wait and see. But we'll be working with you openly and transparently on that as well.

A recent issue that sort of caught us by surprise, but we do very much want to engage with the industry about, is: What is the right relationship

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between audit findings and star ratings? As many of you know, we had a policy until recently that plans under sanction had their star ratings automatically reduced. We had a case before us this year where, as we drilled down on the implications of that, we became less and less comfortable with the policy; and we suspended it temporarily.

What we'll be doing is working with you, and we solicit your ideas on how do we rebuild this policy in a way that makes sense. Do we more closely align audit findings and star ratings because audit findings are measuring, in many cases, things that are important to our beneficiaries; or do we pull them further apart with the understanding that start ratings should be more about clinical quality and less about operational excellence. So in the fall, we'll be soliciting your ideas; but we're hoping at any time to hear your thoughts on that area.

One of the topics that's a subject of the panel today, I imagine will continue will be a focus of the Agency and we hope a focus of yours, which is opioids. We all know the epidemic and the cost of that epidemic in lives and dollars, and we think the Part D program with CMS and the Perspective Drug Plans working collaboratively have really made important and measurable progress in that area; but much more needs to be done, so we look forward to working with you.

That's a preview. One last issue I would say. As you may have noticed, we think the cadence and the intensity of the work around RADV will pick up in the coming year; and we look forward to working with you. There is still some policymaking to do there. In addition, you may have seen we entertained the possibility of soliciting a contractor to bring a RAC into the RADV work. As many of you may know, the law actually requires that we introduce a RAC into the Part C work. And we thought RADV – given that RADV has a structure around it and an understanding between the industry and CMS – might be the right way to introduce it.

So those are sort of the top-line subjects we'll be thinking about as we enter the fall and begin thinking about policymaking for next year. As I

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said, we want to be deliberate about these things; we want to be transparent; and we want to be collaborative. So we look forward to hearing from you on these subjects and also, more importantly, on other subjects. If you think there are other things we should be doing to improve these programs, we welcome your comments.

Thank you, you've got a big agenda today. You've got a lot of experts from our team. So I hope you enjoy it; I hope you learn. And thank you again for your work on behalf of our beneficiaries.

[Applause]

Stacey Plizga: Okay, thank you, Mr. Cavanaugh, for sharing with us and kicking things off for us this morning.