



Keynote Address

Demetrios Kouzoukas, CMS

Kristen Renkes: All right, ladies and gentlemen, we are going to continue with our agenda. Next on our agenda is today's keynote speaker. He is the Principal Deputy Administrator and Director for the Center of Medicare. Please help me welcome Demetrios Kouzoukas.

Demetrios Kouzoukas: Good afternoon. I want to welcome each of you to CMS as we present our fall conference for 2019. I understand you've had a good start to the morning. And we have over 3,000, or 3500 people, our access points on the website, as well as a good attendance here in the room, so just pleased to be able to welcome you and to thank for your participation in Medicare Advantage and Part D.

MA remains a popular choice among beneficiaries and has high satisfaction ratings. I want to give you a little bit of an update on where we are and where we're going in terms of these programs. Overall, we've been positioning the programs in order to enable plans to better compete on the basis of cost and quality, and as a result, beneficiaries are benefiting from additional choices, lower costs, and increased quality.

Let me talk, first, a little bit about MA premiums and other savings. On average, Medicaid advantage premiums in 2020, are expected to decline by 23 percent from 2018 and will be the low in the last 13 years since the start of the MA program, really going back -- I think, you'd have to go back to M plus C and it's not clear even then that it would be any lower. So, really an incredible development and, I think, a testament to the work that CMS has been doing in order to make the program more competitive, and

Keynote Address
Demetrios Kouzoukas, CMS

the work that the private sector has done to try to gain the confidence of consumers as they serve them within the confines of our rules.

The MA monthly plan premium is expected to decrease 14 percent to \$23. This is the average premium in 2020, from an average of \$26.87 in 2019. Since 2017, the average monthly MA premium has decreased by an estimated 27.9 percent. This is the lowest that the average monthly premium has been, again, since 2007.

In addition to the premium savings for MA beneficiaries realized result of competition, we also have similar savings in MA and Part D. and the continued decline in MA and Part D premiums over the past three years is estimated to save taxpayers nearly \$6 billion in the form of lower Medicare premium subsidies. So, it's exciting, really, to see these developments come about. In my view, they're not at all an accident. They're really proof that competition works and that the private sector can compete for beneficiary confidence and that competition results in a win-win for taxpayers and for beneficiaries.

And speaking of win-wins, access the MA program remains strong, with at least 99 percent of beneficiaries having access to one MA plan or more. Beneficiaries have more plan choices for 2020, with about 1200 more MA plans operating in 2020 than in 2018. Enrollment in 2020 is projected to increase to an all-point high of 24.4 million beneficiaries from the current enrollment of 22.2 million, out of approximately 60 million people currently enrolled in Medicare. Enrollment in MA 2020 is expected to increase by 30.6 percent since 2017.

Part D also continues to be extremely popular. Access to the Part D program remains at a hundred percent for individual market plans for 2020, and the number of standalone PDP plans has increased from 912 in 2019 to 959 for 2020. This represents an increase of 5 percent. But that isn't all. Approximately 52 percent of Medicare Advantage plans that offer prescription drug coverage have an overall rating of four stars or higher for 2020, compared to approximately 45 percent in 2019. More Medicare beneficiaries also have access to a greater number of high-

Keynote Address
Demetrios Kouzoukas, CMS

quality standalone Medicare part D plans. In 2020 based on current enrollment, approximately 28 percent of enrollees will be in standalone prescription drug plans with four stars or higher, an increase from approximately 3 percent in 2018. And the average star rating for standalone prescription drug plan has improved from 3.34 in 2009 to 3.50 in 2020.

You might ask, looking back at this, how is it that the changes have come about and what in particular has driven them? And, you know, that may be something for the literature to examine. But I offer a few things that we have done over the last few years that we think contributed to these positive developments for beneficiaries and taxpayers. CMS, under the Trump Administration's leadership, has taken so many actions to improve the MA and Part D programs that I think we've heard from plans and others that they can't keep up with the pace of our changes sometimes, and so, obviously, that's something we take into account. But the fact is that because of our confidence that the changes we're making are going to bring about things like the numbers I just spoke of, that really has pushed us to continue to innovate faster and faster in terms of our rules.

There was a lot of, we think, low-hanging fruit that we picked off in the first year. It was a lot of hard work. I call it "low hanging" because it really seemed readily identifiable. As I think you've seen the rules and the policies progress over the last few years, you see that we've taken on more and more complex challenges and really more sophisticated nuanced approaches at times to line drawing and the way that we govern the oversight of plans and the rules that drive them. But I'd like to highlight a few of the things that we've done over the last few years.

Broadening access to reduce cost sharing and additional benefits for enrollees with certain conditions, such as diabetes and congestive heart failure due to the agency's reinterpretation of uniformity in 2018. About 300 plans in 2020 will offer up to 1.3 million MA beneficiaries with access to such benefits.

Keynote Address
Demetrios Kouzoukas, CMS

Expanding opportunities for those who choose Medicare advantage plans that are providing new supplemental benefits or extra benefits that are tailored to specific needs to help them maintain their health. In 2020, about 500 plans will provide approximately up to 2.6 Medicare Advantage enrollees with access to expanded primarily health-related supplemental benefits, such as adult care services or caregiver support services.

Increasing opportunities for chronically ill patients to choose Medicare Advantage plans that offer a broader range of supplemental benefit that is are not necessarily health related but may help to improve or maintain their health. Supporting the opportunity for MA plans to implement step therapy for Part B drugs as a recognized utilization management tool. Use of step therapy as a utilization management tool better enables many organizations to ensure that Medicare beneficiaries pay less overall or per unit for Part B drugs.

Implementing the prohibition against gag clauses and pharmacy contracts that restrict Part D sponsors from prohibiting or penalizing a pharmacy for disclosing a lower cash price to an enrollee. This provision supports the President's initiative to help lower out-of-pocket cost for prescription drugs by helping inform Medicare beneficiaries about lower cost alternatives.

Implementing legislation, signed by President Trump, to give seniors access to Medicare advantage additional telehealth benefits that go beyond what original Medicare allows so they can use telehealth technology to access more providers in more parts of the country without the disincentive of supplemental rebate. For 2020, over half of all plans will offer additional telehealth benefits, reaching approximately up to 13.7 million Medicare Advantage enrollees.

Providing clinicians with more information on out-of-pocket costs and lower cost alternatives for prescription drugs, so they can discuss with beneficiaries the relative costs of drugs on the plan's formulary at the time a prescription is written; providing beneficiaries with more drug choices and empowering beneficiaries to select a plan that best meets their needs, while allowing plans to cover different prescription differently,

Keynote Address
Demetrios Kouzoukas, CMS

depending on the reasons for which they are prescribed, an approach that has been used successfully in the private sector. Reducing burdens that imposes costs on Medicare Advantage and Part D beneficiaries through streamlining review and market materials, and other changes to our internal processes.

And while we've had great success within Medicare Advantage of the Part D programs in these few years of the Trump Administration, we are not resting on our laurels. As you all know, on October 3rd, President Trump issued an executive order to protect and improve Medicare for our nation's seniors. America's seniors are overwhelmingly satisfied with their Medicare coverage. The vast majority of seniors believe that the program delivers high-quality health outcomes. Medicare empowers seniors to choose their own providers and the type of health insurance that works best for them, whether it is Medicare Advantage or Fee-For-Service Medicare. This administration will continue to protect and improve Medicare by building on those aspects of the program that work well, including market-based approaches in the current system, and that includes, in particular, Medicare Advantage.

Through the executive order, the President has directed CMS to take a number of specific significant steps that will continually improve Medicare, including a directive to expand options and provide savings for seniors on Medicare Advantage. First, the order directs us to propose a regulation to implement other administrative actions to enable the Medicare program to provide beneficiaries with more diverse and affordable plan choices. This is a continuation of the work we've been doing and that I've just described.

The proposed actions include several additional steps, some of them very specific, including changes that reduce barriers to obtaining Medicare medical saving accounts and that promote innovations in supplemental benefits and telehealth services; a payment model that adjusts supplemental Medicare Advantage benefits to allow Medicare beneficiaries to share more directly in the savings from the program, including through cash or monetary rebates; thus, creating more

Keynote Address
Demetrios Kouzoukas, CMS

incentives to seek high-value care; ensuring that fee-for-service Medicare is not advantaged or promoting over MA with respect to our administration of the program; proposing a regulation to provide beneficiaries with improved access to providers and plans by adjusting network adequacy requirements for MA plans to account for the competitiveness of the health market in the states in which such plans operate, including whether those states maintain anticompetitive laws or restrictions on health access and enhanced access to health outcomes made possible through telehealth services or other innovative technologies; modifying the value-based insurance design payment model to remove disincentives for MA plans to cover items and services that make use of new technologies that are not covered by fee-for-service Medicare. CMS is looking forward to swiftly implementing these bold and comprehensive policies, which build on the steps we have already taken in the Medicare Part D programs.

Given the time of year that this conference is taking place too, I wanted to also note that we're in the midst of open enrollment season for 2020. It's an exciting time for beneficiaries to take advantage of the changes in the Medicare program and shop for what works best for them. To assist beneficiaries, CMS, for the first time in a decade, launched a modernized and redesigned Medicare Plan Finder for 2020.

As you all know, Plan Finder is an important resource for beneficiaries to shop and compare Medicare Advantage of Part D plans, as well as compare costs between original Medicare, Medicare prescription drug plans, MA plans, and Medicare supplemental insurance or Medi-gap policy. CMS has made basic updates to streamline the information on the new Plan Finder and has conducted consumer testing throughout the development of the new Medicare Plan Finder to ensure that the information that's displayed is complete, understandable, and is in plain language. These updates are long overdue, as evidenced by any comparison to other websites in the private sector that have evolved over the past decade. If you take a look at both in terms of websites that offer information specific to health plans, but also, you know, other private consumer shopping websites, and the redesign Plan Finder is resulting in

Keynote Address
Demetrios Kouzoukas, CMS

more beneficiaries being able to get through the plan results page more quickly, going all the way through the process and not getting lost and confused along the way.

Prior to open enrollment, CMS collaborated with stakeholders to include improvements in the Plan Finder that directly address a number of issues with the old Plan Finder. Since it was launched, we have continued to collaborate with stakeholders about the new Plan Finder, as open enrollment proceeds. And this collaboration has given us important feedback in real time to ensure that the tool will provide the most accurate and informative facts to Medicare beneficiaries making important individualized choices about the delivery of their Medicare benefits. CMS is also listening very actively to all stakeholder feedback received in its first year of the new Plan Finder to ensure that the changes meet beneficiary expectations, both this year and in the future.

We also plan to work closely with stakeholders, including agents and brokers and plans, to allow them to continue innovating and to encourage the private sector to continue to assist beneficiaries in a competitive marketplace. For example, CMS also intends to release the real-time Medicare plan data in an API format by the end of the year to make it easier for the private sector to create additional tools to help beneficiaries make informed health coverage decisions. We expect that the private sector will continue to outpace and innovate around the type of information that we offer on Plan Finder, and we welcome that so that beneficiaries have choices around where to go for information and enrollment.

I look forward to working with you to continue to provide excellent health care and value to Medicare beneficiaries in both the MA and Part D programs. Have a good conference and a good day. Thank you for your time and service to Medicare beneficiaries.

Kristen Renkes: We will now take a 60-minute lunchbreak. We'll see everyone back here at 12:15. Enjoy your lunch.