

**FACT SHEET**  
**For Immediate Release**  
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**CMS ISSUES FINAL 2011 PAYMENT POLICIES FOR MEDICARE  
ADVANTAGE AND PRESCRIPTION DRUG PLANS**

*Background:* The Centers for Medicare & Medicaid Services (CMS) today announced the capitation rates for Medicare Advantage plans for 2011. The 2011 Rate Announcement was accompanied by the final 2011 Call Letter for Medicare Advantage (Part C) and Medicare prescription drug (Part D) plans.

CMS stated in the 2011 Advance Notice that, if new legislation was enacted after the Advance Notice was released, but before the Rate Announcement was published, changes would be incorporated into the Announcement. As required by Section 1102 of the Health Care and Education Reconciliation Act of 2010, the capitation rates for 2011 are the same as the capitation rates for 2010.

In previous years' Rate Announcements, CMS included final estimates of the National Per Capita Growth Percentages (MA Growth Percentages) as well as tables summarizing the key assumptions that were used to develop the MA Growth Percentages. The final estimates of the MA Growth Percentages were used to trend the previous years' capitation rates to the payment year. Given that the capitation rates for 2011 are the same as the capitation rates for 2010, the MA Growth Percentages have no relevance for the 2011 capitation rates. Therefore, this Rate Announcement does not include final estimates of the MA growth percentages or the associated key assumptions tables.

The Rate Announcement also contains the following key changes in response to this new legislation:

- CMS will not implement the new CMS-HCC and CMS-HCC ESRD dialysis and risk adjustment models or the recalibrated frailty factors in 2011.
- CMS will maintain the 2011 State ESRD rates at the 2010 amounts.
- As required by the Patient Protection and Affordable Care Act of 2010, CMS will calculate the government Part D premium subsidy amounts for low-income beneficiaries using plans' basic part D premiums before the premiums are reduced by Part C rebates. This will help ensure that the premium subsidy in each Part D region provides low-income beneficiaries with a sufficient choice of plans for which they would incur no premium liability.

The Rate Announcement also contains a discussion of the provisions in the health reform legislation that begin to close the Part D coverage gap in 2011 and the effect of these provisions on plans' Part D bids.

In addition to changes resulting from new legislation, the following key changes or updates have been made to the Advance Notice and draft Call Letter in response to public comments received from beneficiary advocacy groups, associations, Congressional agencies, members of the public, and health plans:

- CMS describes the methodology that will be used to adjust the ‘default’ risk scores for new enrollees to reflect the predicted costs of full risk enrollees in chronic care SNPs.
- CMS notes that for beneficiaries to receive reimbursement for clinical trial services, beneficiaries (or providers acting on their behalf) must notify their plan that they have received clinical trial services and provide documentation of the cost sharing incurred, such as a Medicare Summary Notice (MSN). CMS will explore ways that this information can be provided to plans in the future to alleviate the potential burden on beneficiaries.
- CMS states that, at this time, low-income beneficiaries who originally chose to enroll in their current plan will not be reassigned, but several methods to make beneficiaries more aware of their options are being considered. CMS will also continue to evaluate the merits of reassigning beneficiaries based on beneficiary drug utilization.
- CMS announces that we intend to issue a regulation proposing to authorize the release of Part C and Part D payment data.

Annual parameter updates to Medicare Part D benefits are unchanged (with the exception of a \$10 increase in the Initial Coverage Limit).

<b>Part D Benefit Parameters</b>	<b>2010</b>	<b>2011</b>
Defined Standard Benefit		
Deductible	\$310	\$310
Initial Coverage Limit	\$2,830	\$2,840
Out-of-Pocket Threshold	\$4,550	\$4,550
Minimum Cost-sharing for Generic/Preferred Multi-Source Drugs in the Catastrophic Phase	\$2.50	\$2.50
Minimum Cost-sharing for Other Drugs in the Catastrophic Phase	\$6.30	\$6.30
Retiree Drug Subsidy		
Cost Threshold	\$310	\$310
Cost Limit	\$6,300	\$6,300

(Note: The changes from 2010 to 2011 are rounded to the closest appropriate unit)

The Final Rate Announcement and Call Letter can be viewed at:

<http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/>