



THE SECRETARY OF HEALTH AND HUMAN SERVICES  
WASHINGTON, D.C. 20201

**MAY 29 2015**

The Honorable Pedro Pierluisi  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Pierluisi:

Thank you for your letters regarding the Calendar Year (CY) 2016 Rate Announcement and final Call Letter for Medicare Advantage (MA). I understand the difficult fiscal situation in Puerto Rico, and I agree that MA is a critical part of the Medicare program in the Commonwealth. I look forward to working with you, and other key stakeholders, to support its continued success.

I appreciate your observations and recommendations regarding the policies proposed by the Centers for Medicare & Medicaid Services (CMS) and, in particular, your thoughtful comments regarding the MA program in Puerto Rico.

As I know you are aware, CMS issued the Announcement of 2016 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and final Call Letter on April 6, 2015. With respect to the issues you asked CMS to consider, we recognize that Puerto Rico has a very large percentage of its beneficiaries in MA, and that plans operating in Puerto Rico face different challenges than plans on the mainland. Furthermore, we acknowledge that the transition to fee-for-service-based rates generally affect Puerto Rico counties more than in the mainland, as fee-for-service costs in Puerto Rico are significantly lower.

I share your concern regarding the impact on beneficiaries from reductions to the MA payment rates in the Commonwealth. As CMS indicated in the final Call Letter and Rate Announcement, however, we do not believe that most of the recommendations submitted by MA plans operating in Puerto Rico would be consistent with the statute.

During the comment period, the plans did raise a technical rate-setting issue that CMS did not have sufficient time to review. We made a commitment in the Rate Announcement and subsequent calls with your staff to continue researching this issue to determine whether an adjustment to MA rates is warranted. We expect to conclude our analysis by June 8. We are committed to work together to explore additional options in the future.

Thank you again for raising these important issues about the MA program. I look forward to working with you to maintain a strong MA program in Puerto Rico so that the Commonwealth's Medicare beneficiaries can continue to have a wide range of viable quality plan choices. I will provide this response to the co-signers of your letter.

Sincerely,



Sylvia M. Burwell