

# United States Senate

SPECIAL COMMITTEE ON AGING

WASHINGTON, DC 20510-6400

(202) 224-5364

August 13, 2012

The Honorable Kathleen Sebelius  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue S.W.  
Washington DC 20201

Dear Secretary Sebelius,

Thank you for sending Melanie Bella, the director of the Medicare-Medicaid Coordination Office, to testify in front of the U.S. Senate Special Committee on Aging for a recent hearing that examined Medicare and Medicaid coordination for dually-eligible beneficiaries. Her testimony was excellent and her passion to improve the care for this vulnerable population is evident.

As you know, the Medicare-Medicaid Coordination Office is in the process of reviewing applications from 26 states for demonstration projects with the goal of achieving higher quality, more cost efficient care through financial alignment between Medicare and Medicaid services to dually eligible beneficiaries. The proposals submitted by the states have been carefully drafted with public notice and comment incorporated.

One of the most compelling aspects of the design of this demonstration is how you appear to be giving states significant flexibility to choose models of care and types of health plans that best meet the needs of the populations of their states, reflecting the variation in experience of health plans in particular states and their local insurance markets. At a time when governors have petitioned you directly for more flexibility in administering their Medicaid programs, I am encouraged that you have taken their comments into account on this specific issue as seen in the approach to this demonstration.

Please consider the process by which your department is currently working with individual states to refine elements of their proposals. I have heard from various stakeholders that communication with the states and CMS officials have changed from dynamic to silent in recent weeks. In the absence of timely responses to inquiries from the states and clear guidance regarding key policy decisions (e.g., supplemental hospital payments), I am concerned that CMS may not be able to negotiate agreements which will adequately support states requirements to achieve better care at lower cost.

Further, states must have timely access to information pertaining to the capitation rates that will ultimately be paid to managed care entities contracted to deliver the integrated product. It is not realistic to expect the states or the health plans to continue to commit resources, including additional staff, to these demonstrations without the opportunity to ensure that the rates will be adequate to support a successful program.

One key aspect of this demonstration is addressing the conflicting and disparate rules of both Medicare and Medicaid. The fragmentation and duplication in functions across these programs is evident every day to the states and providers serving this population. This results in lower quality care for these beneficiaries at a higher cost to taxpayers. This is well documented. To change these outcomes, this demonstration must be bold in its approach to allow states the authority to reduce duplication and fragmentation that exist under our current, bifurcated oversight structure, holding firm to the original vision of a truly aligned and integrated program. This will be necessary to achieve results.

Please respond to me by August 31 with your plan to ensure that states will be the drivers of innovation for this demonstration. Contact Alicia Hennie at 202-224-5364 if you have any questions about this request. I look forward to your reply.

Sincerely,

A handwritten signature in blue ink, appearing to read "Boucark", with a long horizontal flourish extending to the right.

Bob Corker

cc:

Melanie Bella  
Marilyn Tavenner