



Administrator

Washington, DC 20201

APR 19 2013

Senator Charles E. Grassley
Ranking Member
Committee on the Judiciary
United States Senate
Washington, DC 20510

Dear Senator Grassley:

Thank you for your letter concerning information about the 2014 Medicare Advantage (MA) rates. As I expressed during last Tuesday's hearing, this is a matter of paramount concern to me. We in the Centers for Medicare & Medicaid Services (CMS) take seriously the obligation to protect confidential and non-public information and to ensure that information is released according to standard processes. CMS's process for releasing MA payment rate information is to issue the rate information after the markets close at 4:00 p.m. Eastern Time to allow the health plan community and other stakeholders, including the investment community, broad access to the information and time to fully analyze the announced change before reacting to it.

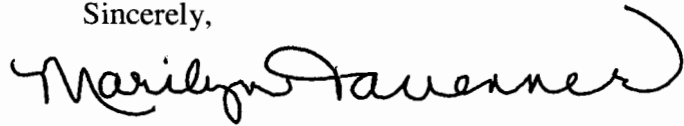
As required by statute, CMS released the Advance Notice for 2014 on February 15, 2013. This annual announcement includes the proposed policy and payment guidance for all MA and Part D plans. The industry was provided a two-week comment period that ended March 1, after which CMS staff reviewed comments and developed policy options. On March 15, CMS decided to move forward with the proposal to modify our assumption regarding how the Agency treats the impact of the Sustainable Growth Rate (SGR) "fix" for the 2014 physician fee schedule when calculating the MA growth percentage for CY 2014. On March 22, the agency sent the draft Rate Announcement reflecting this policy decision to the Office of Management and Budget (OMB). CMS received final clearance from OMB on April 1, and the final rates were announced after 4:00 pm that afternoon.

I share your concern with the news that an outside entity issued an advisory about the 2014 MA rates before CMS announced our final policy. As I indicated last week, the HHS Acting General Counsel has referred the matter to the HHS Office of Inspector General (OIG). As you know, that office has the investigative expertise to request and review relevant agency documents and to conduct interviews with agency personnel, as appropriate. I am committed to ensuring that CMS safeguards confidential and non-public information and intend to use the results of the OIG investigation to improve our

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processes where necessary. I appreciate what you have done in this area and look forward to working with you to safeguard sensitive government information.

Sincerely,

A handwritten signature in black ink, reading "Marilyn Tavenner". The signature is fluid and cursive, with a large, sweeping loop at the end.

Marilyn Tavenner
Acting Administrator