

# TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

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March 4, 2016

Mr. Andrew Slavitt  
Acting Administrator  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, DC 20201

Dear Acting Administrator Slavitt:

Kentucky Teachers' Retirement System (KTRS) is submitting this comment letter on the recently released 2017 Advance Notice and Call Letter. Currently, 31,000 KTRS Medicare-eligible retirees are covered by a group retiree Medicare Advantage (MA) plan, and KTRS has used MA as a full replacement plan since 2007. Our premiums are lower now than a decade ago prior to moving to Medicare Advantage. The care received by our retirees is more coordinated and includes disease management and case management, unlike original Medicare, which is unmanaged. More than 18 million beneficiaries are currently enrolled in MA – a third of Medicare. Beneficiaries are choosing MA in increasing numbers because of the access to quality, affordable and value-based care. MA improves care for beneficiaries by empowering clinicians to transform the model of care, achieving the goals of the Administration to move the Medicare system from volume to value. The following explains our key concerns.

## Protect Medicare Advantage Retiree Plans

The proposed changes to MA employer plans could result in a disruption in coverage and care for the KTRS MA group retiree plans, plus 3.3 million retirees nationwide – 20 percent of all MA beneficiaries – who currently rely on these MA plans. We strongly encourage CMS to reconsider the change that experts say would result in an estimated 3 to 4 percent payment reduction to employer, government and union retiree MA plans. For KTRS, this would result in members paying an additional \$28 a month or more as a result, or at least \$9 million for the entire KTRS plan. It also likely would impact enhanced benefits, premiums and copayments for beneficiaries. Employers and retirement systems, including governments, have turned to MA to provide affordable, quality and coordinated care. We support the continuation of this important option for millions of America's retirees.

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Ensure A Successful Transition to Encounter Data as a Diagnosis Source

We have serious concerns about the proposal to accelerate the movement toward encounter data as a diagnosis source in risk adjustment. CMS has not released an impact assessment estimating the effects this change could have on MA. Since we are in the first year of implementation, no opportunity for assessing the impacts or sharing best practices exists before the blend is increased. Increasing the use of the Encounter Data System (EDS) for calculating risk scores from 10 to 50 percent in just one year could have a destabilizing effect and could make it more difficult to obtain accurate risk scores. We encourage CMS to ensure a smooth, accurate and accountable process for the transition to encounter data as the diagnosis source in MA risk scores.

Safeguard Quality in the Star Ratings Program

The Star Rating methodology should incentivize quality improvement for MA plans and providers in order to better care for beneficiaries, including low-income individuals and people with disabilities. CMS's work to improve the model for all beneficiaries must ensure access to accountable and quality MA plans. We ask that any reforms to the Star Rating System support the Administration's goal of value-based contracting and delivery reform. Beyond interim proposals, CMS should work with providers to develop broader improvements in the Star Rating System to increase quality for beneficiaries, including outcomes measures in addition to process measures.

KTRS has found MA plans to be viable and sustainable for the last 10 years, and we need for CMS to continue that viability and sustainability into the future. We support MA and the value-based, high-quality and coordinated care it offers for Medicare-eligible beneficiaries. As CMS finalizes the 2017 proposals that impact current and future MA beneficiaries, we encourage policies that will provide stability to providers and beneficiaries. We appreciate the efforts of CMS to ensure access to innovative and effective MA plans and look forward to continuing toward our shared goals of quality, cost-effective and value-based care for nearly 18 million Medicare beneficiaries.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary L. Harbin". The signature is fluid and cursive, with a large loop at the end.

Gary L. Harbin, CPA  
Executive Secretary