STATEMENT OF

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NOMINATION HEARING TO CONSIDER THE NOMINATION OF MARILYN B. TAVENNER, OF VIRGINIA, TO BE ADMINISTRATOR OF THE CENTERS FOR MEDICARE AND MEDICAID SERVICES

BEFORE THE

UNITED STATES SENATE

COMMITTEE ON FINANCE

APRIL 9, 2013

The United States Senate

Committee on Finance

Opening Statement of Marilyn B. Tavenner of Virginia

Nominee to be Administrator of the Centers for Medicare and Medicaid Services

Department of Health and Human Services

April 9, 2013

Chairman Baucus, Ranking Member Hatch, and members of the Committee, thank you for holding this hearing today, and for the Committee's consideration of my nomination to be Administrator of the Centers for Medicare & Medicaid Services (CMS).

I'd like to start by acknowledging what we are all aware of – CMS is a large and complex agency; we have a large federal budget, and we provide services that are critical to our nation's healthcare. As such, this Committee and all of Congress have a strong interest in the management of our agency, as they should and as do I, and so I'd like to explain a little bit about myself and my background, why CMS is so important to me, how I've spent the past three years managing the agency, and my vision for moving us forward.

I'll begin with my mother, Ruby Martin; I just celebrated her 88th birthday with her down in the small rural town of Fieldale, Virginia where I grew up. As a strong woman who raised four children, she has been and continues to be a huge inspiration in everything I do – and she relies on Medicare. My youngest child, Sarah, was diagnosed with diabetes at the age of 11; she too has been a strong inspiration for what I do – and she relies on access to health insurance. I think that all of us know someone who relies on either the traditional programs we've been

administering at CMS, or the ones we are embarking on for 2014; that makes it personal for a lot of us and it underscores the fact that what we do at CMS directly affects the lives of so many.

I have been fortunate that my career path has given me a variety of perspectives on healthcare that I believe uniquely position me to lead CMS. I have a clinical perspective from my early days as a staff nurse, a business perspective from my days as a hospital CEO and Division President, and a government perspective both from my work as Virginia's Secretary for Health and Human Resources and the previous three years at CMS.

Simply put, CMS needs an Administrator, and one with strong operational skills. While it is important to have a vision for the agency, we have an $820 billion dollar business to run that a large amount of this country has a stake in, from beneficiaries to providers to hospitals to insurance companies to Congress to the administration to our CMS employees and contractors. Therefore, I consider it essential to my leadership role at CMS to be a partner to all of those stakeholders. And, I view my relationship with this Committee, and Congress as a whole, as a partnership. I have personally met with most of the members of this Committee and have appreciated the opportunity to engage with all of you in an open dialogue. While we may not always share the same views, we have worked together to resolve challenges and I'd like the chance to continue to do so.

My management style centers a lot around listening, pragmatism, and consistently trying to do what is right, even though it may not be the quickest and easiest path.

This style has led to many achievements over the past three years, and I would like to describe some of the accomplishments I am proud to have managed and led.

First, and most basic, is the daily operation of Medicare. Every workday, the fee-for-service Medicare program pays out more than $1 billion from some 4.64 million claims within the statutory requirement of 14 to 30 days.

The Medicare program and the coverage it provides is stronger and higher quality now than ever before. For example, more than one third of beneficiaries are enrolled in four or five star Medicare Advantage plans and 30 percent of stand-alone prescription drug plans available to beneficiaries received a star rating of four or higher. Thirty-four million Medicare beneficiaries now have increased coverage of preventive services and more than 6.3 million people with Medicare have saved over $6.1 billion on prescription drugs. Hospital readmissions in Medicare have fallen dramatically in the past year, resulting in an estimated 70,000 fewer patients returning to the hospital with dangerous and costly complications.

Additionally, over the course of the last few years, CMS has implemented new strategies to reduce waste, fraud, and abuse. For example, along with our partners, we were able to recover a record-high $4.2 billion from individuals trying to defraud health care programs in Fiscal Year (FY) 2012, and have reduced the Medicare fee-for-service payment error rate from 10.8 percent in FY 2009 to 8.5 percent in FY 2012.

CMS has also prioritized modernizing the administration of the Medicaid program. We are moving from the paper-driven, process-intensive approach to a more streamlined way of doing business with states. We are also supporting innovation and flexibility for states in both the Medicaid program and the state-based aspects of the Affordable Care Act.

We have improved our partnerships with the groups CMS does business with by streamlining regulations and improving data access. We have already finalized two regulations that will reduce regulatory burden – particularly on rural providers - under the President's Executive Order on Improving Regulation and Regulatory Rules. We believe that these rules combined will save at least $5 billion across the health care system over 5 years. Under my leadership, CMS is improving data access and sharing with strong privacy protections to develop new tools for policy and decision makers both within and outside CMS. CMS has already announced a data set that leverages almost five billion Medicare claims over a four-year period into an easy-to-use data resource, so that a variety of users can analyze the data to learn more about Medicare trends and geographic variation.

These past three years managing CMS have been a busy time, and I am proud of these examples and everything else we have been able to accomplish.

In closing, I want to share my vision and three primary focuses for moving this agency forward:

1. We need to operate CMS as a business and act like business partners. This means having an "open door policy" to work together and listen to the concerns of all the groups we

essentially do business with: beneficiaries, providers, hospitals, members of Congress, states, advocacy groups, insurance companies and our own employees and contractors.

2. We have a large responsibility in the months ahead to implement key pieces of legislation to ensure all Americans have access to affordable healthcare coverage, whether it is through the Health Insurance Marketplace, Medicaid, original Medicare, or Medicare Advantage.

3. We need to leverage the tools Congress has granted us to both reduce overall costs of care and improve the healthcare delivery system. These tools include new payment strategies connected to performance, innovative new models of care, and enhanced tools to combat fraud.

Lastly, I want to thank this Committee and staff for the respect and working relationships we've built over the past three years. And, I want to thank you, Mr. Chairman and Senator Hatch, for holding this hearing and giving me the opportunity to speak before the Committee and answer any questions.