



January 27, 2017

Patrick Conway, MD
Acting Administrator
Centers for Medicare & Medicaid Services
US Department of Health and Human Services
200 Independence Avenue, SW, Room 445-G
Washington, DC 20201

Dear Acting Administrator Conway:

On behalf of the Pennsylvania Chamber of Business and Industry (PA Chamber), we are writing to support administrative action to remove the Medicare Advantage benchmark cap for 4-Star or higher plans to ensure all beneficiaries experience all the benefits of enrollment in a high quality plan.

The PA Chamber is the largest, broad-based business advocacy association in the Commonwealth of Pennsylvania. We represent over 8,000 members of all sizes from virtually every industry sector. Our members have long valued the ability to provide integrated retiree benefits through Medicare Advantage. It is through MA that employers are best able to seamlessly transition retirees from active employee coverage to retiree coverage while maintaining stability in out-of-pocket health care costs.

Over 18 million beneficiaries are currently enrolled in Medicare Advantage – a third of Medicare. Beneficiaries are choosing Medicare Advantage in increasing numbers because of quality, affordable, and coordinated value-based care. Providers choose Medicare Advantage because it enables flexibility and innovation in service delivery, while facilitating the transition in Medicare from volume to value.

In Medicare Advantage, payments are tied to quality through a Star Rating System that rewards plans with 4-Star or higher, on a 5-star scale, with a quality bonus. This bonus must go directly towards reduced cost sharing or increased benefits to beneficiaries. The quality incentive supports investments in innovations like telemedicine, disease management programs, and additional benefits like vision or dental coverage for beneficiaries.

However, the benchmark cap enacted by the Affordable Care Act (ACA) undermines quality incentives in Medicare Advantage by capping payment at the pre-ACA level. As a result, in 2016, over 2 million Medicare Advantage beneficiaries were denied additional benefits due to the benchmark cap in certain counties. In Pennsylvania, if the benchmark cap remains in place, over 200,000 Medicare beneficiaries will not receive all the benefits of enrolling in a high quality plan.

The Centers for Medicare & Medicaid Services (CMS) should take steps administratively to address the benchmark cap issue in the upcoming Advance Notice expected on February 2, 2017. A failure to act means many beneficiaries will not receive the additional benefits for enrolling in a high quality Medicare Advantage plan.

We appreciate your support for Medicare Advantage and the value-based, high-quality, and coordinated care it offers Medicare-eligible beneficiaries. The PA Chamber supports the broad bipartisan efforts to address the benchmark cap issue, and ask you to support efforts to remove the Medicare Advantage benchmark cap for 4-Star or higher plans to ensure all beneficiaries can benefit from enrollment in high quality plans in Pennsylvania and across the country.

Sincerely,

A handwritten signature in black ink, appearing to read "Sam Denisco". The signature is fluid and cursive, with a large initial "S" and "D".

Sam Denisco
Vice President, Government Affairs