

BETTER MEDICARE

ALLIANCE

December 9, 2016

The Honorable Tom Price
100 Cannon House Office Building
United States House of Representatives
Washington, D.C. 20515

Seema Verma, MPH
President and Founder of SVC, Inc.
1 N Capitol Ave., Ste. 444,
Indianapolis, IN 46204

Dear Representative Tom Price and Seema Verma:

We are writing to introduce Better Medicare Alliance (BMA) and highlight the advocacy work we do to support and strengthen Medicare Advantage on behalf our alliance. Medicare Advantage is leading the way in modernizing Medicare and we are eager to build on its achievements. We look forward to working with you and the Department of Health and Human Services, as well as Congress, to strengthen Medicare Advantage and prevent disruption in the program that 1 in 3 beneficiaries depend on for their Medicare.

BMA is an alliance of over 75 organizations, including health plans, providers, health systems, aging service agencies, business groups, as well as beneficiaries, who support and advocate for Medicare Advantage. Our key goals are to ensure the program is stable, accessible, high quality, cost effective, and financially viable through ongoing support of policymakers. We achieve these goals through education, commentary, and advocacy, based on research, analysis, and the experiences of our ally organizations and beneficiaries. We are a resource to policymakers on and off the Hill on all aspects of Medicare Advantage policy.

Medicare Advantage is an option within Medicare that allows seniors and individuals with disabilities to choose a private plan to receive their Medicare benefits, instead of receiving coverage through Traditional Fee-For-Service (FFS) Medicare. Medicare Advantage has grown by over 65% since 2010, with over 18 million Americans now enrolled in the program and the number continues to grow. Medicare Advantage also has strong bipartisan support. Over 400 Representatives and Senators on both sides of the aisle signed letters in support of Medicare Advantage in 2016.

Beneficiaries are choosing Medicare Advantage because they appreciate the affordability, simplicity, consumer choice, and enhanced benefits the program offers. In 2016, the average Medicare beneficiary was able to choose from 19 plans.¹ Medicare Advantage beneficiaries are highly satisfied, with 91% of beneficiaries reporting satisfaction with their coverage.²

Providers and policymakers support Medicare Advantage because it provides a more effective framework to care for our country's growing Medicare population. There are 10,000 seniors aging into Medicare every day. In the next 10 years, the number of Medicare beneficiaries will grow by over 30% to roughly 75 million people.³ While Traditional FFS Medicare was designed for short episodes of acute illness and expensive hospitalizations, the capitated system in Medicare Advantage incentivizes better care management for chronic conditions.

¹ Kaiser Family Foundation. Medicare Advantage 2016 Data Spotlight: Overview of Plan Changes. December 3, 2015. [Web.](#)

² Better Medicare Alliance, The Winston Group. Recent Survey on Medicare Advantage. February 24-28, 2015.

³ Congressional Budget Office. Congressional Budget Office's March 2016 Medicare Baseline. March 24, 2016. [Web.](#)

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Data show that by emphasizing early intervention and better care coordination Medicare Advantage directs beneficiaries to the most appropriate site of care and prevents adverse, high-cost events such as avoidable hospitalizations. Research also finds that the positive impact Medicare Advantage is having on care delivery is spilling over to Traditional FFS Medicare resulting in reduced hospital costs to the system.^{4,5,6} Medicare Advantage is leading in transforming Medicare with value-based payment arrangements between plans, providers, and other community partners.

The program has an annual update process to set payment and policies for the following year. For 2018, the Notice will be released by February 2, 2017 and the Final Notice will be released by April 3, 2017. To strengthen Medicare Advantage, we recommend the following policies:

- Avoid disruption to the program and support policies that maintain and encourage the growth of Medicare Advantage.
- Keep payment and risk adjustment accurate and stable.
- Minimize disruption to Employer Group Waiver Plans (EGWPS), which make up 20% of Medicare Advantage, by reversing payment formula cuts begun last year.
- Continue to incentivize quality using the Star Rating Quality System.
- Increase transparency by publicly releasing more impact analyses and data.
- Encourage flexibility of benefits to enable the use of advances like telemedicine, care in the home, and appropriate social service supports.

As you consider health policy reforms, it is important to prevent disruption for plans, providers, and beneficiaries in Medicare Advantage. Certain provisions included in the Affordable Care Act (ACA) are essential to the current stability of the program and should be preserved. Specifically, these are:

- The Star Rating Quality System that is effective in incentivizing quality.
- Prevention and screening coverage that ensures beneficiary access to primary, preventive, and patient-centered care.
- Continued focus on Value-Based Insurance Design (V-BID) models within Medicare Advantage.

In addition, certain elements in the ACA could be improved. Our recommendations include:

- Remove the benchmark cap that undermines quality incentives in many areas of the country.
- Freeze the Coding Intensity Adjustment at the current statutory minimum.

As the Administration and the new Congress work to meet the President-elect's health reform goals, we ask that you view Medicare Advantage as a bright spot of success and bipartisan agreement. Both Republicans and Democrats in the House and Senate, as well as plans, providers, and millions of beneficiaries all recognize the value of Medicare Advantage. It is a

⁴ Chernew, M., Decicca, P., & Town, R. (2008). Managed Care and Medical Expenditures of Medicare Beneficiaries. *Journal of Health Economics*, 27(6), 1451-1461. **Web.**

⁵ Callison, K. (2015). Medicare Managed Care Spillovers and Treatment Intensity. *Health Economics*. 25(7). 785-928. **Web.**

⁶ Petterson, S., Bazemore, A., Jabbarpour., Wingrove, P. (2016). Understanding the Impact of Medicare Advantage on Hospitalization Rates: A 12-State Study. **Web.**

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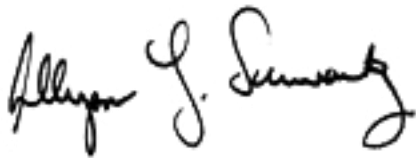
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public-private partnership that works. It is leading the way in value-based care for millions of beneficiaries, many of whom have complex health needs. And it is working to meet the goals of cost efficiency and high quality.

We welcome the opportunity to share evidence and analysis, as well as the perspective and experience of our many ally organizations and beneficiaries with you and the next Administration.

We congratulate you and look forward to working together to strengthen Medicare and ensure its continuity as a guarantee for all American seniors and eligible individuals.

Sincerely,

A handwritten signature in black ink that reads "Allyson Y. Schwartz". The signature is written in a cursive style with a large, prominent initial "A".

Allyson Y. Schwartz
President & CEO
Better Medicare Alliance