

BETTER MEDICARE

ALLIANCE

January 27, 2017

The Honorable Patrick Conway
Acting Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Patrick Conway:

On behalf of the Texas Association of Business, we are writing to support legislative or 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. We stand with the Better Medicare Alliance as an ally organization in support of the advocacy efforts to remove the Medicare Advantage benchmark cap that undermines quality incentives for Medicare beneficiaries.

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 Texas, if the benchmark cap remains in place, 14, 473 Medicare beneficiaries will not receive all the benefits of enrolling in a high quality plan.

We are concerned that failing to address the benchmark cap issue could impact over 3 million Medicare Advantage beneficiaries in counties across the country. Congress should act legislatively, or 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. Texas Association of Business supports the broad bipartisan efforts to address the benchmark cap issue, and ask you to

support legislative and administrative 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 Texas and across the country.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Wallace". The signature is fluid and cursive, with a large initial "C" and "W".

Chris Wallace, President
Texas Association of Business