

BETTER MEDICARE

ALLIANCE

January 25, 2017

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

Dear Acting Administrator Conway:

As you prepare to release the CY2018 Medicare Advantage Advance Notice and Call Letter, we write to underscore our support for Medicare Advantage and urge you to propose policies that maintain stability and support a strong Medicare Advantage option for beneficiaries.

One in three Medicare beneficiaries have made the choice to receive their Medicare benefits through a Medicare Advantage plan. Providers and policymakers support Medicare Advantage because it provides an effective framework to care for our country's growing Medicare population that will grow by over 30% to roughly 75 million people in the next 10 years.¹ Medicare Advantage is a successful private-public partnership that results in more choice and value for beneficiaries. 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.

Our advocacy work at Better Medicare Alliance (BMA) is informed by our community of over 80 allies and hundreds of thousands of beneficiary advocates who all share a mission to build a healthy future by advocating for a strong Medicare Advantage. BMA includes health plans, providers, health systems, aging service agencies, business groups, as well as beneficiaries, who support and advocate for Medicare Advantage.

We urge you to ensure that proposed changes in the Advance Notice and Call Letter not only maintain stability for Medicare Advantage, but also reflect policy priorities to increase quality, foster innovation, support growth and choice, and achieve value.

Increase Quality

Medicare Advantage incentivizes quality through a 5-Star Quality Rating System. There is no analogous quality system in Traditional Fee-For-Service (FFS) Medicare. In 2017, roughly 70% of beneficiaries in Medicare Advantage are in 4-Star or higher, quality bonus eligible plans. This has increased from 20% in 2009, representing how effective the Star Ratings System is in driving quality. Quality gains are also evidenced in research showing that Medicare Advantage results in better health outcomes.² Policies in Medicare Advantage should build on the success of the Star Rating System to incentivize quality and meet quality goals.

Foster Innovation

The capitated payment system in Medicare Advantage encourages plans and providers to employ innovative ways to better care for beneficiaries. As a result, Medicare Advantage serves as an incubator, testing and scaling up effective care coordination strategies, dynamic community partnerships, telemedicine approaches, and other advances. Plans are also

¹ Congressional Budget Office. Congressional Budget Office's March 2016 Medicare Baseline. March 24, 2016. [Web](#).

² 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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initiating innovative plan designs that drive high cost, high needs patients towards high value, cost effective care tailored to their condition. It is important that Medicare Advantage policies achieve adequate payment to support growth and increase flexibility to promote exploration of innovation in high value service delivery.

Support Growth and Choice

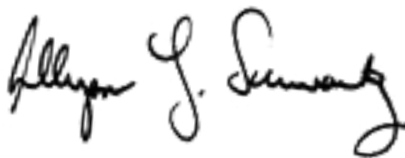
Medicare Advantage has grown by over 65% since 2010, and in 2017 more than 18.5 million beneficiaries are enrolled in Medicare Advantage. Beneficiaries are choosing Medicare Advantage because they appreciate the affordability, simplicity, consumer choice, and enhanced benefits the program offers. In fact, Medicare Advantage is growing at three times the rate of Medicare as a whole and six times the rate of Traditional FFS Medicare.³ For 2017 enrollment, the average Medicare beneficiary was able to choose from 19 plans.⁴ Policies should support this growth so more beneficiaries can have access to high quality care in Medicare Advantage.

Achieve Value

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.⁵ 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.^{6,7,8} Medicare Advantage is also forging the value-based partnerships between plans, providers, and community partners needed to reduce cost and improve outcomes. Policies should look to remove barriers and further promote the move towards a value-based, fully capitated system.

We look forward to working together and welcome the opportunity to share evidence and analysis, as well as the perspective and experience of our many ally organizations and beneficiaries. We are eager to build on Medicare Advantage's success. We ask the Centers for Medicare & Medicare Services (CMS) to promote stability in the Medicare Advantage program by ameliorating policies that place undue burden on providers and plans and also to initiate policies that strengthen the program and increase access for beneficiaries.

Sincerely,



Allyson Y. Schwartz
President & CEO
Better Medicare Alliance

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

⁴ Kaiser Family Foundation. Medicare Advantage Plans in 2017: Short-term Outlook is Stable. December 21, 2016. [Web.](#)

⁵ Petterson, S., Bazemore, A., Jabbarpour., Wingrove, P. (2016). Understanding the Impact of Medicare Advantage on Hospitalization Rates: A 12-State Study. [Web.](#)

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

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

⁸ Petterson, S., Bazemore, A., Jabbarpour., Wingrove, P. (2016). Understanding the Impact of Medicare Advantage on Hospitalization Rates: A 12-State Study. [Web.](#)