



Working Together for an Affordable Future

December 6, 2016

The Honorable Paul Ryan
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Majority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Speaker Ryan, Majority Leader McCarthy, Minority Leader Pelosi, Majority Leader McConnell and Minority Leader Reid:

On behalf of the National Coalition on Health Care (NCHC), I write to urge you to preserve statutory authority and funding to test and adjust alternative payment models (APMs), now vested in the Center for Medicare and Medicaid Innovation (CMMI), along with the Secretary of Health and Human Service's authority to expand those models that succeed. As Congress considers the direction of federal health care policy in the months ahead, the preservation of these functions is vital. Moving forward, we hope to work with you and the incoming administration to ensure that testing and expansion authority is both preserved and deployed as effectively as possible.

NCHC is the nation's largest, most broadly representative nonpartisan alliance of organizations focused on health care. Our members and supporters include nearly 90 of America's largest and leading associations of health care providers; businesses and unions; consumer and patient advocacy groups; pension and health funds; religious denominations; and health plans. They represent—as employees, members, congregants, or volunteers—more than 150 million Americans. The Coalition is committed to advancing—through

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Strategy and International Affairs,
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research and analysis, education, outreach, and informed advocacy— an affordable, high-value health care system for patients and consumers, employers and other payers, and taxpayers.

The Institutes of Medicine, the Congressional Budget Office and the Medicare Payment Advisory Commission have long identified the incentives for volume associated with fee-for-service reimbursement as a driver of high health care spending. But today, private payers and public programs alike are increasingly embracing a new patient-centered and value-based approach, emphasizing alternative payment models that incorporate varying degrees of risk for patient outcomes and spending. With the overwhelming passage of the Medicare Access and CHIP Reauthorization Act (MACRA), this Congress sent an unmistakable, bipartisan signal that this transition away from fee-for-service will continue. In fact, as part of MACRA, Congress designed and HHS has now implemented specific incentives for participation in Advanced APMs, including those launched under CMMI's authority.

We recognize that some have questioned the scope and structure of a handful of controversial CMMI initiatives. Others have called for more effective model design and evaluation procedures moving forward. It is reasonable to expect Congress to exercise its oversight and legislative responsibilities with respect to these issues. In fact, more should be done to adapt and scale payment innovations and models with a proven track record of success outside of traditional Medicare. But shifting from a fee-for-service system governed by decades of accumulated laws and regulations to a patient-centered system that rewards innovation and value is an enormously complex undertaking. It will require nimbleness and flexibility. **The wrong legislative action now could undermine the success of MACRA in its crucial early years of implementation.**

NCHC and its member organizations are particularly alarmed by the broader signal that would be sent by a legislative rollback of the funding and authority needed to test and develop alternative payment models. Health plans, health systems and clinician practices have made substantial investments on the assurance that public programs were rapidly evolving toward a reimbursement system that rewarded those delivering better outcomes at a lower cost. Increasingly, private sector employers and health plans have shifted their reimbursement strategies to better align with this new value-based approach. Rollback of HHS' testing and expansion authority would introduce significant regulatory uncertainty for all these stakeholders—and could force some providers to halt or slow their transition away from the very volume-maximizing strategies that have contributed to higher health care spending.

Rollback of testing and expansion authority or funding could also endanger specific payment innovations that enjoy broad stakeholder support. Expansion of the Diabetes Prevention Program in Medicare has been certified as cost-saving by the CMS Office of the Actuary. As a result, pre-diabetics across Medicare will soon have the chance to participate in a program that prevents the onset of full-blown diabetes. Regulatory flexibilities first tested in CMMI's Pioneer Accountable Care Organization (ACO) initiative—including a waiver of the Skilled Nursing Facility 3-day rule expanded use of telehealth—are now being implemented or considered for implementation in the Medicare Shared Savings Program and in the Next Generation ACO model. In response to stakeholder feedback, promising initiatives testing Value Based Insurance Design (VBID) and benefit flexibility in Medicare Advantage and the Comprehensive Primary Care Plus (CPC+) advanced primary care medical home model are now under way. For 2017, CMMI has announced plans to launch a new voluntary episodic bundled payment initiative, test even broader regulatory relief in Next Generation ACOs, and move forward with a new Track 1+ ACO payment



model designed to provide more providers a viable path toward risk-based models. Repeal or rollback of existing statutory authority or funding has the potential to threaten each of these important initiatives.

Finally, **curtailing HHS's flexibility to test, adjust and expand cost-saving and quality-enhancing payment models would come at significant budgetary cost—one which beneficiaries and taxpayers would pay.** The Congressional Budget Office has estimated that the overall efforts of CMMI will net taxpayers \$34 billion in savings over the ten year budget window. As Congress seeks to place Medicare, Medicaid and overall federal spending on a more sustainable fiscal path, these savings are sorely needed.

To sum up, a rollback of HHS' flexibility to test and expand APMs that are aligned with the reforms currently occurring in both public and private systems would undermine the implementation of MACRA, produce regulatory uncertainty, threaten broadly supported payment innovations and further degrade the fiscal trajectory of Medicare and Medicaid while imposing greater costs on beneficiaries and taxpayers.

We know these are not the outcomes you seek. Therefore, NCHC hopes to work with you and the incoming administration to preserve the authority and funding for model testing and expansion, and that those authorities are used to the benefit of both beneficiaries and taxpayers. If you would like to discuss these issues further, please contact me directly at jrother@nchc.org or at 202-638-7151 or NCHC's Policy Director Larry McNeely at lmcneely@nchc.org.

Yours truly,



John Rother
President and CEO

CC: Sen Hatch, Sen. Wyden, Sen. Schumer, Rep. Brady, Rep. Levin, Rep. Upton, Rep. Pallone, Rep. Neal, Rep. Walden



