April 25, 2018

Hon. Peter Roskam, Chairman
House Committee on Ways and Means
Subcommittee on Health
2246 Rayburn House Office Building
Washington, DC 20515

Hon. Sandy Levin, Ranking Member
House Committee on Ways and Means
Subcommittee on Health
1236 Longworth House Office Building
Washington, DC 20515

Dear Chairmen Roskam and Ranking Member Levin:

Thank you for holding this important hearing on the barriers to innovation in health care. Our 22 member organizations have long been recognized as leading innovators in the health care space, particularly in chronic care management, care coordination and telehealth. Our plans are committed to addressing social determinants of health and going outside traditional care to provide support for seniors. We are pleased to offer thoughts on one persistent barrier to innovation in Medicare, which your committee can address, the Medicare Advantage Benchmark Cap.

ACHP members are non-profit health plans providing coverage and care for more than 20 million Americans in 32 states and the District of Columbia in all lines of business, including Medicare Advantage. They are deeply invested in their communities and consistently lead government and private ratings on quality and customer service. Member plans have served their communities for decades and, as non-profit organizations, do not enter or exit markets based solely on financial considerations. Plans are characterized by close relationships with providers either through integrated delivery systems or carefully managed networks.

As you know, the federal government rates Medicare Advantage plans using a star rating system evaluating clinical quality, patient satisfaction and other measures. This star rating system serves dual purposes – to assist America’s seniors in evaluating the quality of their health care options and to incentivize health plans to work closely with clinicians, coordinate care and improve health outcomes.

In 2010, Congress authorized “Quality Incentive Payments” to not only serve as financial inducements for the highest performing plans, but also to improve benefits for seniors. By law, every dollar rewarded via a Quality Incentive Payment must be returned to beneficiaries in the form of reduced premiums or increased services. Contrary to Congressional intent, due to a flawed interpretation of the benchmark cap, seniors in the highest performing 4- and 5-star plans are missing out on millions of dollars in additional benefits. In 2018, we estimate 11.3 million seniors have not received $821 million in increased benefits or savings due to the glitch in the benchmark cap.
Fortunately, there is a bipartisan bill, H.R. 908, introduced by Ways & Means Committee members Rep. Mike Kelly (R-PA) and Rep. Ron Kind (D-WI), which seeks to resolve this problem and allow MA beneficiaries to be served by these innovations in the way Congress intended.

The nearly 2.5 million seniors ACHP member plans serve are missing over $170 million that would otherwise go directly into their benefits. These funds could go to reduce premiums, sometimes significantly, or offer new benefits such as transportation and gym memberships. In fact, Security Health Plan in Wisconsin has chosen to add for 2017 dental, hearing aid and eyewear benefits. Security believes it would be easier to enhance those and other innovative benefits if the benchmark cap issue was properly implemented. Security also reports that it could reduce MA premiums by as much as $25 per member per month if its full quality payment was provided.

ACHP member plans have been healthcare innovators for years, and we have the results to show for it, including better performance than our competitors in key categories:

- 14.7 percent better at controlling high blood pressure
- 22.6 percent better at diabetes care blood sugar control
- 8.5 percent better at preventive screenings

ACHP plans are the leaders in Medicare Star Ratings – 97 percent of seniors enrolled in ACHP member Medicare Advantage plans benefit from the care delivered by 4, 4.5 and 5-star rated plans. This is in contrast to non-ACHP member plans which enroll just 72 percent of MA beneficiaries in plans at or above 4 stars.

Given the importance of fiscal responsibility, we are not advocating for elimination of the benchmark cap itself. We are asking for quality to be rewarded as Congress intended so the highest performing health plans in the nation can continue to invest in innovation while returning the benefits of that innovation to Medicare beneficiaries.

Please do not hesitate to contact me if you or your staff have further questions. We are also happy to share the attached additional information:

- State-by-state data demonstrating estimated losses – and hence loses to beneficiaries – in each state
- One pager describing this issue
- National heat map of where the benchmark cap impacts counties (we can also provide these maps by state and congressional district).

Sincerely,

Ceci Connolly
President and CEO

Cc: Honorable Members of the House Committee on Ways and Means