



November 14, 2016

Hon. Orin Hatch, Chairman
U.S. Senate Finance Committee
104 Hart Senate Office Building
Washington, DC 20510

Hon. Ron Wyden, Ranking Member
U.S. Senate Finance Committee
221 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Hatch and Ranking Member Wyden:

As the final session of the 114th Congress begins, we urge the Committee and full Senate to include in end-of-year legislation a solution to the Medicare Advantage “benchmark cap” issue and its negative impact on Medicare beneficiaries. Without a remedy, **2.5 million beneficiaries in 18 states will** continue to be denied the improved benefits, reduced premiums and lower cost-sharing Congress intended to provide.

The Alliance of Community Health Plans (ACHP) is a national leadership organization bringing together innovative health plans and provider groups that are among America’s best at delivering affordable, high-quality coverage and care. ACHP’s member health plans provide coverage and care for more than 18 million Americans. These prestigious organizations focus on improving the health of the communities they serve and are on the leading edge of innovations in affordability and quality of care, including primary care redesign, payment reforms, accountable health care delivery and use of information technology.

The Medicare Advantage program seeks to improve quality, in part, by offering bonuses to health plans receiving four, four and a half, or five stars on their star ratings. As authorized by Congress, “Quality Incentive Payments” (QIPs) are designed to serve not only as financial incentives for plans to work closely with providers to increase quality, but also to improve benefits for seniors – **every dollar rewarded via a QIP must be returned to beneficiaries in the form of reduced premiums or increased services.**

At the same time QIPs were enacted, Congress imposed a cap on MA payment benchmarks which has, unfortunately, been implemented in a way that negatively affects many of the highest quality plans. The effect of this provision is to reduce or, in many places, *eliminate*, quality incentive payments. **Nowhere else in Medicare are quality incentives arbitrarily cut in this way.**

In 2015 and 2016, QIPs to health plans in half of all counties were limited by the benchmark cap. **In some counties, a five-star plan is receiving the same amount as a three-star plan in the same area.** In Utah, SelectHealth in 2016 is estimated to lose just shy of \$2 million. In Oregon, affected health plans stand to lose almost \$5 million in 2016.

MAKING HEALTH CARE BETTER

1825 Eye Street, NW, Suite 401 | Washington, DC 20006 | p: 202.785.2247 | f: 202.785.4060 | www.achp.org

We are not advocating for the elimination of the benchmark cap itself. We are simply asking for quality to be rewarded as Congress intended so the highest performing health plans in the nation can continue to engage in exceptional work and return those benefits to Medicare beneficiaries.

Respectfully, we urge Members to fix this issue before the end of this Congress. Please see the attached state-by-state data demonstrating estimated losses – and hence losses to beneficiaries – in each state and do not hesitate to contact me or our Chief of Advocacy, Andrew Schwab, at aschwab@achp.org or 202-785-2247 if you or your staff have further questions.

A handwritten signature in cursive script that reads "Ceci Connolly".

Ceci Connolly,
President and CEO