July 27, 2018

Hon. Mike Kelly
Hon. Ron Kind
Hon. Markwayne Mullin
Hon. Ami Bera
U.S. House of Representatives
Washington, DC 20515

RE: Value-Based Payment Reform, Value-Based Arrangements, Technology and Health IT

Dear Representatives Kelly, Kind, Mullin and Bera:

Congratulations on the recent formation of the Bipartisan Health Care Innovation Caucus. The Alliance of Community Health Plans (ACHP) commends your leadership in exploring innovative policies to promote successful payment reforms, value-based arrangements and technology and IT that support these models. We are pleased to respond to your Request for Information as you begin your important work.

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. The non-profit, provider-aligned health plans that are ACHP members provide coverage in all lines of business for more than 21 million Americans across 32 states and the District of Columbia. Our member plans share longstanding commitments to their communities, close partnerships with providers, and substantial investments in the innovative approaches and infrastructure necessary to provide health care that is coordinated, affordable and high quality.

ACHP encourages the Innovation Caucus to host staff and member level meetings with industry experts as described in your letter. The best way to fully appreciate the impact of innovative, value-based coverage and care models is to experience them firsthand. We would be happy to work with you to arrange site visits to our member plans for members and staff of the caucus.

Value-based designs have great potential to increase health care quality and decrease costs by aligning financial incentives and promoting cost-efficient health care services. Wider adoption of value-based designs could reduce barriers to maintaining and improving health and prevent future health care costs by aligning consumer choices and incentives with wellness and access to the right services at the right time.

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Immediate Opportunity to Promote Value-Based Payment

Before turning to innovative examples of ACHP members' delivery system and payment reform efforts, we would like to highlight that there is an immediate opportunity for Congress to promote value-based payment in the Medicare Advantage program. We urge the Innovation Caucus to support the legislation described below.

As you know, the Medicare Advantage (MA) star ratings system is an excellent example of how government can incentivize the private sector to deliver high-value coverage and care. As CMS has interpreted the law, however, a "benchmark cap" prevents many of the highest-performing plans from receiving the full quality payments they have earned by achieving 4 stars and above. In the current interpretation, a 3-star plan can earn the same payment as a 5-star plan, running counter to Congressional intent and serving as a disincentive for plans to strive for five.

In 2018, we estimate 11.3 million seniors are missing out on the reduced premiums or increased services which must be returned to them when quality bonus payments are issued to their high performing plans. If corrected, many MA plans would be able to further reduce out-of-pocket costs and/or offer enhanced benefits such as dental, hearing and vision services. For example, one of our members, Security Health Plan in Wisconsin, could reduce its monthly MA premium by $25 per month – a significant savings for a senior. All told,11.3 million seniors in the 4- and 5-star plans affected are missing out on $821 million of reduced premiums or increased benefits in 2018.

Fortunately, there is a bipartisan bill, **H.R. 908**, introduced by Ways and Means Committee members Rep. Mike Kelly and Rep. Ron Kind and Energy and Commerce Committee members Rep. Brett Guthrie and Rep. Mike Doyle, which seeks to resolve this problem and allow MA beneficiaries to be served by these innovations in the way Congress intended. We greatly appreciate that the House has taken a first step in this direction by passing H.R. 4952, the Improving Seniors Access to Quality Benefits Act. This bill expresses the sense of Congress that including MA quality payments in the benchmark cap undermines the goal of delivering high quality and asks for an HHS report on the impact. H.R. 908, however, would directly correct the problem.

ACHP respectfully suggests that support for H.R. 908 would be an early, concrete step that the Innovation Caucus could take to translate its goals for promoting value-based payment into a bipartisan legislative achievement that brings the benefits of high quality health plans to millions of America's seniors.

ACHP Models for Delivery and Payment Reform

ACHP members have been on the forefront of innovative care delivery and payment reform models that move health care along the continuum from volume to value, building upon existing community relationships, provider partnerships and health IT infrastructure investment. We are happy to offer several examples to your caucus.

Partnership to Address Prostate Cancer: The appropriate care of prostate cancer poses a significant population health challenge and an opportunity to leverage population health data. **Independent Health**, an ACHP member in Buffalo, New York, has approached the challenge in their community through a series of value-based initiatives in partnership with Western New York Urology Associates and its affiliate company, Cancer Care of Western New York. Independent Health contributes its substantial IT resources, sharing data and data analytics about practice patterns and other metrics with its partner physicians and other providers. Independent Health provides enhanced reimbursement for meeting and exceeding national and local benchmarks of quality and efficiency. The collaboration led by Independent Health is

having positive results. Western New York Urology and Cancer Care of Western New York's cost-per-episode rate for prostate cancer treatment is far less than its peers while still surpassing all quality measures.[1]

Alternative Payment Models: ACHP member plans have implemented a variety of physician payment models that move away from fee-for-service payment and base payment on quality, patient satisfaction, efficiency and other factors. For example, **Security Health Plan's** value-based payment model is designed to control the cost of care while simultaneously creating incentives for quality improvement. The key element is ensuring that financial rewards reach *individual* practitioners who demonstrate improvement in care delivery, as well as to the clinics or practices where they work. The model uses CMS star ratings to determine the percentage of total savings received by providers. A 5-star group receives 60 percent of the savings, with the balance of savings accruing to the health plan; for a 4.5 star rated practice, the savings are split evenly between the health plan and the providers, and a 4-star group receives 40 percent of the savings with the health plan retaining 60 percent. All of the provider organizations agree to distribute a greater portion of the shared savings pool to the highest performers. Care teams understand that payment is based on how they compare to peers and that opportunities exist for individual quality improvement and financial gain. Advanced practice nurses and other non-physician staff receive a portion of the pool savings as well, in recognition of their importance in achieving quality and cost goals.

Addressing Social Determinants of Health: ACHP's community-based plans are also national leaders in recognizing the importance of addressing the impact of socio-economic risk factors on community health. For example, **Capital District Physicians' Health Plan (CDPHP)** partners with the community in covering a large proportion of Medicaid beneficiaries in the Albany, New York region. The Medicaid population presents challenges including cultural and linguistic differences, low health literacy, poverty, and high rates of substance use and depression. To meet those challenges, CDPHP began partnering with faith-based organizations, community centers and homeless shelters to identify members who are "off the grid" or have gaps in care. It meets individuals face-to-face at community-based locations, providing opportunities for case managers to help them connect with providers, arrange transportation and sometimes even accompany patients to appointments. CDPHP also has partnered with a local hospital, where nurse case managers meet with members at their bedsides. The case managers help patients and families understand their discharge plans and medications and they coordinate follow-up appointments.[2]

Additional Evaluations Necessary

Many ACHP member plans were first generation innovators in health care delivery and health insurance system design and are leading the way in implementing value-based insurance designs. There is reason to be optimistic about this movement, but also reason to be cautious. Given mixed results[3] from some of the initiatives of the Center for Medicare and Medicaid Innovation (CMMI), or simply the newness of approaches such as the MACRA payment reforms, prudence suggests careful evaluation before scaling up existing models, advancing new care models, supporting mandatory participation in models, or imposing financial penalties for payers or providers. The successful implementation of high value-based insurance designs often requires significant up-front investments in technology, communications, and organizational changes.

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[1] G. Slabodkin, "Providers, payers must share data to succeed in value-based care," *Health Data Management*, September 15, 2016, https://www.healthdatamanagement.com/news/providers-payers-must-share-data-to-succeed-in-value-based-care.
[2] CDPHP 2017 Annual Report, https://www.cdphp.com/about-us/annual-report/members.
[3] Avalere Health, MSSP & CMMI Financial and Quality Performance Results, April 2018.

We also note that innovative care and payment designs should carefully take into account the additional support that rural providers may need to incorporate those designs and to best use technology to reach the goals of value-based designs. It is important to evaluate quality metrics and risk indices to ensure that their use does not unfairly disadvantage rural healthcare providers.

We are encouraged by new opportunities for MA plans to offer value-based benefits and address social determinants of healthcare. Greater flexibility allowed under the Bipartisan Budget Act of 2018 and recent CMS guidance will encourage MA plans to offer tailored benefits for beneficiaries with specific diseases and encourage use of high-value treatments and providers. We encourage the caucus to foster continued enhancements that allow health plans to identify and cover health and non-medical interventions and facilitate advances towards cost-effective, high quality health care and better health overall.

Thank you for considering ACHP's views and recommendations. Please contact me at cconnolly@achp.org if you have questions or require additional information.

Sincerely,

Ceci Connolly
President and CEO