

Smarter Health Care Coalition

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Suite 1175
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The Honorable Senator Hatch
104 Hart Office Building
Washington, DC 20510

The Honorable Senator Isakson
131 Russell Senate Office Building
Washington, DC 20510

The Honorable Senator Wyden
221 Dirksen Senate Office Bldg.
Washington, DC 20510

The Honorable Senator Warner
317 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Hatch, Ranking Member Wyden, Senator Isakson, and Senator Warner,

The Smarter Health Care Coalition greatly appreciates your leadership and commitment to addressing the critical health needs of Medicare beneficiaries burdened by chronic health care conditions, conditions that ultimately affect their quality of life, life expectancy, and financial livelihood, and have broader impacts on families and caregivers as well. The formation of a bipartisan Working Group to examine these complex issues and work collaboratively to solve such problems exemplifies the leadership necessary to overcome obstacles and develop viable solutions. Thank you for initiating this Working Group and for the opportunity it presents to improve the health and quality of life of Medicare beneficiaries and to help others with chronic care needs more generally as we describe below.

Recognizing the value of collaborative thinking and collective focus, the Smarter Health Care Coalition is comprised of a broad-based and diverse group of health care innovators, including health plans, life science companies, employer groups, provider-related organizations, trade associations, academia centers and professors, foundations, and consumer groups. Our goal is to leverage our combined perspectives and experiences to achieve smarter health care that improves the patient experience, particularly through integrating benefit design innovations and consumer/patient engagement within broader delivery system reform in order to better align coverage, quality, and value-based payment goals. We hope our combined perspectives will serve to advance the Working Group's goal of improving outcomes for Medicare patients with chronic conditions. We look forward to working with you on these important areas, and appreciate this opportunity to provide our thoughts and feedback on how our mission can be applied to support your work.

Increased alignment between payment for physicians and coverage for patients can encourage the uptake of high-value care necessary to manage chronic conditions

A key aspect of improving the health and lives of patients with chronic conditions is encouraging better alignment between payment reform on one hand, and benefit design innovations on the other.¹ As demonstrated by Secretary Burwell's January announcement setting concrete goals for use of value-

¹ See <http://healthaffairs.org/blog/2015/04/22/beyond-sgr-aligning-the-peanut-butter-of-payment-reform-with-the-jelly-of-consumer-engagement/> for more information.

based and other alternative payment models, and as further encouraged in the recently passed Medicare Access and CHIP Reauthorization Act of 2015, there is an increasing focus on ensuring that payments to providers incorporate concepts of value. Such provider-facing incentives aim to increase accountability in the delivery system, incentivize outcome-oriented care, and encourage population health management to address the burdens of chronic illness. Yet these movements towards value in the payment and delivery system have not always been matched with parallel movements in benefits and coverage design. For instance, in efforts to encourage high-value, evidence-based care, a physician may have his or her payments tied to whether he or she has effectively managed a patient's diabetes. Yet such high-value care may never be realized if the patient chooses to forgo the care prescribed by his or her physician if out-of-pocket costs are not likewise aligned to support access to an evidence-based treatment.

Allowing greater flexibility to Medicare Advantage plans to offer coverage based on clinical value, could enhance beneficiary access to evidence-based care necessary to manage chronic illnesses

As the Working Group considers proposals to better manage the health outcomes of Medicare beneficiaries with chronic illnesses, considering the need for greater alignment is key. The Coalition believes that smart innovation in benefit design focused on providing access to services with high clinical value not only creates opportunity for greater alignment with payment and delivery system reform, but also, and most importantly, can substantially improve efforts towards effective management of chronic conditions. We see value in aligning incentives to achieve high quality outcomes to include consideration of how cost sharing impacts beneficiary access to evidence-based services.^{2,3} Enhancing access to services of high clinical value aimed at helping patients better manage chronic conditions – leading to the avoidance of acute exacerbations, hospitalizations, and other adverse events – can positively affect health outcomes for many Americans and consequently, healthcare spending overall.

In pursuit of better management of chronic conditions, and as a specific example for the Chronic Care Working group to consider, the Smarter Health Care Coalition supports a demonstration that would provide Medicare Advantage plans flexibility to use value based insurance design (V-BID) to lower or eliminate beneficiary cost sharing in order to promote access to evidence-based, high-value medications and clinical services used to treat and manage chronic conditions. As highlighted by the Center for Medicare and Medicare Innovation's Request for Information on Health Plan Innovation Initiatives last fall⁴, and the leadership demonstrated by Senator Thune and Senator Stabenow in encouraging a V-BID demonstration, the potential impact of a value-based insurance design demonstration in Medicare Advantage has gained increasing attention. Such an approach would better enable improved access to high-value care and adherence, which is particularly important given the wide recognition that managing chronic illnesses effectively can help individuals remain healthy, and can also save costs over time. Particularly notable about the approach is that it encourages access to evidence-based delivered through an integrated and coordinated program that encourages the use of high-quality providers.

² Trivedi, AN, Rakowski, W, Ayanian, J. Effect of Cost Sharing on Screening Mammography in Medicare Health Plans. 2008. New England Journal of Medicine. 358:375-383

³ Trivedi AN, Moloo H, Mor V. Increased Ambulatory Care Copayments And Hospitalizations Among The Elderly. 2010. New England Journal of Medicine. 362(4):320-28

⁴ See <http://innovation.cms.gov/Files/x/HPI-RFI.pdf>

Consistent with your focus on real world experience and data-driven evidence, we believe a demonstration should not only facilitate access to high-value care, but also provide for the evaluation of how innovation in benefit design integrated with delivery system reform and methods of engaging beneficiaries can positively impact utilization, adherence, quality metrics, outcomes, and affordability, and most importantly, beneficiary experience, including the preservation of existing beneficiary safeguards. To be meaningful and reflective of actual experience, it is important that the timing of the evaluation allow the demonstration sufficient opportunity to take root and demonstrate results.

Importance of managing chronic conditions throughout the care continuum and across public and private forms of coverage

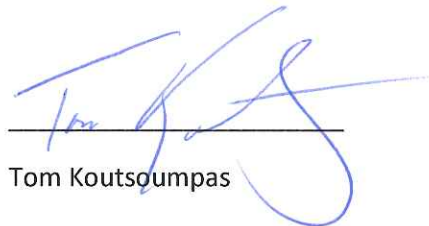
In addition to supporting a focus on better meeting the chronic care needs of Medicare beneficiaries, the Coalition is focused on highlighting and making progress in improving chronic care management throughout the care continuum and across public and private forms of coverage. Consistency of approaches across public and private coverage and across the care continuum can help encourage investment and deeper engagement in programs that help patients better manage their chronic care needs. In addition, investing in helping patients better manage chronic conditions, and where possible even preventing or prolonging their onset, prior to becoming Medicare eligible can benefit Medicare and the health system overall. As such, as the Working Group's efforts proceed, we could encourage taking note of opportunities to help non-Medicare eligible individuals better manage their chronic conditions, and would be pleased to provide examples and ideas for the Working Group's consideration.⁵

The importance of aligning benefit design innovations that enhance patient access to high value care with payment and delivery system reform is key both in and outside Medicare. We stand ready to offer all the assistance we can in advancing the Workgroup's efforts.

Sincerely,



Gary Bacher



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⁵ One such opportunity relates to the expansion of the "preventive services safe harbor" for HSA/HDHP plans to improve access to evidence based services for chronic care. <http://www.smarterhc.org/wp-content/uploads/2015/06/VBID-2-Page-1.pdf>