



Working Together for an Affordable Future

March 4, 2016

Sean Cavanaugh
Deputy Administrator and Director, Center for Medicare
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-1850

Submitted via email to: AdvanceNotice2017@cms.hhs.gov

Dear Mr. Cavanaugh:

I write to offer the comments of the National Coalition on Health Care (NCHC) on the 2017 Advance Notice and Draft Call Letter.

NCHC is the nation's largest, most broadly representative nonpartisan alliance of organizations focused on health care. The Coalition is committed to advancing—through research and analysis, education, outreach, and informed advocacy—an affordable, high-value health care system for patients and consumers, for employers and other payers, and for taxpayers. 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. Our member organizations represent—as employees, members, congregants, or volunteers—more than 150 million Americans.

Medicare Advantage Plans and Medicare-Medicaid Plans have the potential to contribute to transformative reforms of health care delivery, payment and benefits—reforms that may ultimately improve care and lower costs for all enrollees. But this potential can only be realized with a risk adjustment system that accurately accounts for the cost of treating high-cost, high-need enrollees, and a payment system that properly rewards improvement and innovation in health care delivery and benefits.

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Updated CMS-HCC Risk Adjustment Model

NCHC agrees that the current CMS-HCC risk adjustment model fails to fully and accurately account for the impact of full dual eligible status and disability on plan costs, and we have previously called for more accurate payment for plans enrolling these beneficiaries. CMS's analysis indicates that the use of six segments reflects the actual costs for community-dwelling beneficiaries better than the approach currently in use. **Therefore, we support transitioning to the use of six model segments for community-dwelling beneficiaries.**

NCHC has also noted that the current CMS-HCC model fails to provide appropriate payment to those plans which enroll beneficiaries with multiple chronic conditions. **CMS's proposal to add disease interactions to the CMS-HCC model is another constructive step forward and we support it.**

However, we are concerned by the potential for negative consequences that could arise from poor implementation of CMS's risk adjustment proposal. In implementing any updates to the risk adjustment model, CMS should balance the need to promptly address underpayment for plans enrolling high proportions of disabled or fully dual eligible beneficiaries with the need to mitigate negative impacts on beneficiaries enrolled in other plans. Through the Financial Alignment Initiative and through state partnership with D-SNPs, efforts are currently underway to improve and integrate care for dually eligible beneficiaries. Neither these beneficiaries nor any others should have to wait for Medicare to pay adequately for their care. At the same time, because the updated CMS-HCC model will reduce payments to most other plans, their beneficiaries could experience some reduction in the supplemental benefits they currently enjoy, such as additional cost-sharing protections and premium reductions. **CMS should explore options to mitigate these negative impacts, such as**

- a) **providing transitional relief to plans receiving negative payment adjustments arising from the updated risk adjustment model, or**
- b) **gradually phasing in any negative payment adjustments arising from the updated risk adjustment model.**

Providing such mitigation is important in any event, but particularly so if CMS proceeds with other proposals (such as basing 50% of risk scores on encounter data or changing Employer Group Waiver Plan bidding) which would produce additional reductions in some plans' payments

STARS Quality Bonus and the Benchmark Gap

NCHC commends CMS for its ongoing work to operate and improve the STAR rating system. STAR ratings have helped plans achieve substantial improvements in quality and value. And because Medicare Advantage plans with four or more stars under the STAR rating system are eligible for quality bonus payments, plans enjoy an additional incentive to improve the quality of coverage and care provided to their enrolled beneficiaries.

However, based on CMS's current reading of a provision of the Affordable Care Act requiring that county benchmarks not exceed the pre-ACA amount, many of the highest-performing plans are now denied the full quality bonus payments that their STARS ratings otherwise would have earned. This

benchmark cap undercuts the incentive to improve and innovate in the delivery of care and benefits for beneficiaries. Other commenters have identified existing legal authorities that would enable CMS to correct this problem. **We urge CMS to address the benchmark gap as part of this year's Final Notice.**

NCHC appreciates the opportunity to comment on these important issues. Should you or your staff have questions regarding these comments or other topics, please do not hesitate to contact NCHC's Policy Director Larry McNeely at lmcneely@nchc.org.

Yours truly,

Sincerely,



John Rother
President and CEO

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