December 20, 2020

Dear President-elect Biden and Presidential Transition Co-Chairs:

The National Coalition Health Care (NCHC) would like to congratulate you on your election victory. We applaud the campaign's focus on health care and the coronavirus (COVID-19) pandemic, and we look forward to working closely with you on these issues. To accelerate our recovery from COVID-19, we urge you to consider addressing health care affordability a top priority in the year ahead.

Health care services and insurance coverage have become increasingly unaffordable for individuals, families, businesses, and government. As you set an agenda for health policy in 2021, addressing health care affordability will help mitigate the spread of COVID-19, boost our economic recovery, and close widening gaps in health disparities. Indeed, the pandemic and the protests earlier this year have emphasized the importance of confronting racial justice in 2021 in all aspects of public policy. Key health system reforms, under your new leadership, are necessary to close the racial gaps in health outcomes and economic wellbeing exacerbated by the pandemic.

The current state of our health system imposes steep, unsustainable costs on the country. High costs for health care are squeezing out needed spending – public and private – on education, housing, public assistance, and other social supports that keep people healthy. The foundation of a high-quality health care system and justice-oriented response to the pandemic is, in part, a function of the country's investments in these non-medical needs.

To this end, the National Coalition on Health Care is determined to address the challenge of reducing the total cost of care in the United States in 2021. The Coalition's 80 members represent stakeholders across the spectrum – hospitals, doctors, nurses, employers, insurers, pharmacies, and consumers. We are the oldest and most broadly-based coalition dedicated to health care affordability. We are nonpartisan, pragmatic, and solution-oriented. The members of the Coalition are ready to support the administration's efforts to build on Biden's health care legacy such as the Affordable Care Act.

Specifically, we urge you to consider five priorities to accelerate the country's response to COVID-19 and improve health care affordability in 2021. Fortunately, many of the proposals NCHC outlines below are bipartisan and carry a strong public mandate:

1. Address key health care priorities for the COVID-19 crisis
2. Lower prescription drug costs
3. Improve price and quality transparency
4. Promote integrated and value-based care models
5. Prioritize social determinants of health

Detailed Recommendations

1. **Address key health care priorities for COVID-19 crisis**

We applaud President-Elect Biden's focus on addressing the spread of COVID-19 as the path forward. In April, we sent a letter to Congress detailing our suggestions for the next phase of pandemic relief, designed with input from our wide-reaching, non-partisan membership. If not already in place by January 20th, the following are top priorities for the administration:

- *Ban surprise billing for COVID-19 and beyond* – Patients should be held harmless for seeking COVID-19 care immediately, including protection against surprise medical bills related to seeking COVID-19 treatment, testing, and vaccination. Doing so is a matter of immediate public health and crisis management. The administration should also work with Congress to find a compromise on surprise billing broadly – the bipartisan, bicameral draft bill released on December 11, 2020, should be a top priority for the new administration's work with Congress.

- *Boost financial assistance to the health care workforce including primary care* – First, the Secretary of Health and Human Services should use their authority to direct CARES Act Provider Relief Fund dollars (or subsequent appropriations) to support independent primary care practices. Our members indicate that the health care workforce, in general, is suffering from burn out and illness, which poses a significant risk to American lives and will hinder our nation's recovery from the pandemic. The administration should make financial assistance to these essential hospitals and primary care doctors a top priority – to save the lives of those already infected and to boost capacity to distribute COVID-19 vaccines.

- *Incentivize states to expand Medicaid* – As you know, millions have lost their jobs during the pandemic, and health care coverage as a result. Medicaid can play a crucial countercyclical role in a pandemic or economic crisis, but many states have not yet expanded Medicaid under the Affordable Care Act. States that expanded in 2014 received 100% Federal Medical Assistance Percentage (FMAP) for three years – boosting the dollars available to states to expand coverage through Medicaid. We urge the administration to work with Congress and increase FMAP to 2014 levels (100%) for states that choose to expand after the PHE. The enhanced FMAP could be scaled down to 90% after three years, like the original schedule after 2014. Importantly, this is a matter of racial justice – those who are most likely to have lost their jobs (and job-based coverage) during the pandemic are people of color and women.

2. **Lower prescription drug prices**

Consumers, employers, and taxpayers spend substantially more for the same drugs than other advanced countries do, and we ask for little in return. For example, specialty drug prices are out of control. The new class of biologic drugs charge tens or hundreds of thousands of dollars per treatment, yet we have no way of assuring the price is related to the value of the drug. Drug prices are routinely increased once or twice a year even when there is no improvement in their worth to health outcomes.

Comprehensive drug pricing reform should address launch prices, unwarranted price increases, and cost-sharing. Recent Trump Administration administrative action in Medicare Part B and D regarding drug prices are insufficient and should be paused or undone by the new administration. These proposals either shift costs around (e.g., the Trump Administration's Part D rebate rule) or outsource critical policymaking to other countries (e.g., the Trump Administration's "Most Favored Nation" Model).

Administratively, NCHC urges the administration to reduce gamesmanship and anti-competitive behavior across the prescription drug market.

Previous House and Senate legislation have bipartisan support for key reforms. Medicare Part D modernization, for example, should be a top priority for the new administration to lower drug costs for vulnerable seniors. Recent, bipartisan legislation in the Senate and the House have included language to reform Medicare Part D: establish an out-of-pocket cap on beneficiary cost-sharing, and increase plan and manufacturer liability in the catastrophic phase. Both the Senate Prescription Drug Pricing Reduction Act and the House Elijah E. Cummings Lower Drug Costs Now Act include similar Part D provisions.

NCHC supports the core concepts of the German drug pricing model, which incorporates private negotiations based on independent comparative effectiveness research. The model is similar to President-Elect Biden's proposed solution to high prices for specialty drugs.

3. Improve price and quality transparency

Meaningful transparency is a critical component to controlling the rising cost of care. At a minimum, consumers should be able to find actionable prices, for relevant and non-emergency services, with corresponding quality information. New technology can assist with gathering and displaying this information. However, transparency should include all parts of the health care system so that policymakers and private stakeholders can improve how efficiently we allocate resources to health care. Significant variation in prices and quality across the country do not benefit patients or taxpayers. The new administration should re-evaluate what type of transparency is necessary to make meaningful change while avoiding unintended consequences, such as shifting costs to different groups.

4. Promote integrated care and value-based care solutions

In continuation of the ACA's legacy, we urge the new administration to continue the ongoing transition from fee-for-service to value-based payment across all payers, especially Medicare. Continuing this transition will drive improvements in population health that will ultimately reduce total cost of care. The administration should build on the Medicare Shared Savings Program, which has successfully demonstrated improved quality and slower cost growth over time. Paying for value is critical to modernize the health system. We know that value-based care is also crucial to emergency preparedness – providers in capitated and value-based models were better equipped to adapt to COVID-19 and more likely to invest in new technology, like telehealth.

Further, NCHC supports new payment models in Medicare that promote a population health approach to health care. Health plans and providers should work alongside social services and community organizations to address root causes of disease. This can be achieved by encouraging participation in payment models that incorporate upside and downside risk for entities with responsibility for population health, which will be a critical first step towards a true population health approach. We were encouraged to see the release of new models such as the Direct Contracting Geographic model recently announced by CMS Innovation Center. There is no single solution to controlling health care costs, but the new administration should look to continue the momentum on value-based care broadly, especially given growing concerns about Medicare hospital insurance trust fund solvency.

Finally, NCHC encourages the administration to preserve and build on the success of Medicare Advantage (MA) – a capitated, managed care program the Medicare-eligible. MA enrollees report high satisfaction with the quality of care, networks, and their health outcomes. MA plans enroll a more

diverse population on average than traditional Medicare and there are options to encourage these payers to address upstream, socio-economic and racial determinants of health in their benefit design. Recent studies have shown MA plans can achieve better outcomes for high need, high cost beneficiaries.

5. Prioritize social determinants of health

NCHC urges the administration to take unprecedented steps to prioritize social determinants of health (SDOH) in response to the calls for racial justice after the death of George Floyd in 2020. As you know, the COVID-19 pandemic has disproportionately affected people of color, in large part due to SDOH. These determinants are broad, complex, and daunting but are an important opportunity for the Biden Administration to break down silos in government programs and improve health outcomes.

Specifically, the administration should form an interagency task force comprised of social service, public health, and health care officials – i.e., Department of Housing and Urban Development, Department of Agriculture, and agencies of the Department of Health and Human Services (e.g., Administration for Community Living, Administration for Children and Families, Centers for Disease Control and Prevention, and Centers for Medicare and Medicaid). The task force would be led by White House staff and foremost examine how silos between agencies that administer vital social and health programs can be deconstructed, opportunities for federal and state partnerships around social risk, and best practices for private-public partnerships.

Despite the heroic efforts of doctors, nurses, and caregivers, the pandemic has highlighted the structural inefficiencies of our health care system and its impact on Americans, especially on hourly workers, women, and communities of color. We underfund prevention, public health, and primary care and we overfund high-tech acute care. Family insurance premiums now average over $21,000 per year (for employer-based insurance), and too many Americans cannot access the care they need due to very high insurance deductibles. Half of our total spending goes to treating the sickest five percent of patients.

There will be no single piece of legislation or administrative action to make health care “affordable.” However, other countries and some areas of the United States have shown that it is possible to achieve broad coverage, control costs to patients, and deliver high quality care at much lower total costs than the nation’s average. We know some the elements that are necessary to fashion a health care financing and delivery system that promotes good health, accessibility, and makes needed care affordable.

We look forward to working with the transition team and the new administration to advance these policies.

Sincerely,

John Rother
President, NCHC

John C (Jack) Lewin, MD
Board Chairman, NCHC