

May 12, 2017

The Honorable Tom Price
Secretary
U.S. Department of Health & Human Services
200 Independence Ave, S.W.
Washington, D.C. 20201

Dear Secretary Price,

On behalf of the undersigned organizations, we write to ask the Administration to afford physicians and physician groups credit for the advanced alternative payment model arrangements they conduct in Medicare Advantage (MA) in the implementation of the Medicare Access and CHIP Reauthorization Act (MACRA).

As you know, MACRA incentivizes a move away from volume-based compensation and towards payment for value and high quality care. MACRA accelerates the transformation of the healthcare delivery system in preparation for the challenges that lie ahead.

Today, Medicare Advantage makes up a third of the enrollment in Medicare. In some counties, Medicare Advantage makes up nearly half of all Medicare enrollees. Downstream from health plans, some physicians are paid through risk-based contracts. Other physicians are paid in fee-for-service arrangements. Despite providing a higher level of care coordination and better outcomes, in many ways MA payment is on a parallel track to traditional Medicare.

Studies have shown¹ that alternative payment models in MA deliver care that is of higher quality and lower cost than care delivered in fee-for-service based MA. In fact, a recent publication in the *American Journal of Managed Care* demonstrated that patients in capitated MA had a six percent higher survival rate, and were 11 percent less likely to visit the Emergency Room and 12 percent less likely to have an inpatient admission.

Recognizing the advantages of alternative payment models in MA, we call on the Administration to level the playing field and afford risk arrangements in MA the same credit under MACRA as risk arrangements in traditional Medicare. A physician should have equal incentives to take risk in traditional Medicare FFS as in a contract with a Medicare Advantage plan. Leveling the playing field across Medicare will result in better care for patients and more equitable opportunities for physicians.

¹ "Value-Based Contracting Innovated Medicare Advantage Healthcare Delivery and Improved Survival" by AK Mandal, et al. *American Journal of Managed Care* Vol 23, No 2. <http://www.ajmc.com/journals/issue/2017/2017-vol23-n2/value-based-contracting-innovated-medicare-advantage-healthcare-delivery-and-improved-survival>

Thank you for your consideration.

Sincerely,



An association of independent Blue Cross and Blue Shield companies