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June 22, 2015

The Honorable Orrin G. Hatch  
Chairman  
U.S. Senate Finance Committee

The Honorable Ron Wyden  
Ranking Member  
U.S. Senate Finance Committee

The Honorable Johnny Isakson  
U.S. Senate Finance Committee

The Honorable Mark R. Warner  
U.S. Senate Finance Committee

**RE: Request for Stakeholder Recommendations and Comments on How to Improve Care for Medicare Beneficiaries with Chronic Illnesses**

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

The Center on Budget and Policy Priorities is a nonpartisan research and policy organization based in Washington, D.C. Founded in 1981, the Center conducts research and analysis to inform public debates and policymakers about a range of budget, tax and programmatic issues affecting individuals and families with low or moderate incomes.

We appreciate the opportunity to provide these comments. We strongly support your goal of improving care for Medicare beneficiaries with chronic illnesses, particularly those with multiple conditions. Increased care coordination, for example, may enhance health outcomes by ensuring that patients receive needed care while avoiding costly interventions such as hospitalization.

While we do not have specific policy recommendations, we believe that any policies or legislation to improve care for Medicare beneficiaries with chronic conditions should be consistent with the following four principles:

1. Producing budgetary savings should not be a prerequisite for consideration of policies that may improve health outcomes for beneficiaries with chronic conditions. Otherwise, requiring substantial savings could foreclose promising policies that need to be tested first to see if they are effective and thus wouldn't be expected to result in savings, as estimated by the Congressional Budget Office, within the 10-year budget window. At the same time, such a requirement for savings could also lead to policies that risk unintended consequences such

as encouraging health care providers and/or Medicare Advantage plans to stint on access to needed care for those with chronic conditions.

2. Wherever possible, policies to improve care for those with chronic conditions should focus on building on or modifying existing demonstrations, care delivery systems, and payment models that are already being tested. That would help avoid unnecessary duplication and overlap. Moreover, not as much time and resources would be needed to get a new approach or model up and running as would be the case were a separate infrastructure required to be established.
3. New care coordination approaches or payment models should always be tested first as demonstration projects with limited scope that are allowed to operate over an extended period of time. That would produce sufficient experience to permit a comprehensive review of their ability to improve care for beneficiaries with chronic illnesses and to produce Medicare savings. Only then, after they are determined to be effective, should such approaches or models be considered for larger adoption within the Medicare program.
4. New approaches and payment models should prioritize beneficiaries with the greatest needs (*i.e.* high-cost beneficiaries with multiple chronic illnesses who could most benefit from improved health outcomes). This includes designing appropriate incentives to encourage health care providers and/or Medicare Advantage plans to care for such beneficiaries rather than encouraging them to “cream-skin” and focus on those with chronic conditions who may be in relatively better health and incur lower costs, for whom it is easier to coordinate their care effectively.

Thank you again for this opportunity to provide stakeholder input on how to improve care for Medicare beneficiaries with chronic illnesses. Please let us know if you have questions or if we can be of any further assistance.

Sincerely,



Edwin Park  
Vice President for Health Policy  
Center on Budget and Policy Priorities