United States Senate
COMMITTEE ON FINANCE
WASHINGTON, DC 20510–6200

May 22, 2015

Dear Stakeholders:

On May 15th, the United States Senate Committee on Finance held a hearing entitled, "A Pathway to Improving Care for Medicare Patients with Chronic Conditions." During that hearing, Chairman Hatch and Ranking Member Wyden announced the formation of a bipartisan, full Finance Committee chronic care working group, co-chaired by Senators Isakson and Warner. The working group will analyze current law, discuss alternative policy options, and develop bipartisan legislative solutions that will be presented to the Chairman and Ranking Member.

To guide and inform this effort, the Chairman and Ranking Member, with the co-chairs of the working group, are seeking recommendations and thoughtful policies from health care stakeholders based on real world experience and data-driven evidence that will improve care for this vulnerable population.

The impact of chronic disease on the Medicare program and those it serves are staggering:

- Treatment of chronic illnesses such as heart disease, diabetes, and cancer – just to name a few – now account for almost 93 percent of Medicare spending.
- According to Medicare Payment Advisory Commission (MedPAC) data, in 2010 more than two-thirds of Medicare beneficiaries had multiple chronic conditions while 14 percent had six or more chronic conditions.
- Beneficiaries with six or more chronic conditions accounted for 46 percent of all Medicare spending in that same year.
- The traditional Medicare fee-for-service program spent an average of $32,658 per beneficiary with six or more chronic conditions compared to an average of $9,738 for all other beneficiaries.

Left unresolved, this situation will only worsen. Researchers at the Centers for Disease Control and Prevention (CDC) report that an increasing number of adults between the ages of 45 and 64 – are living with multiple chronic conditions. These members of the Baby Boom generation will soon be aging into the Medicare program. Because utilization of health care services increases as a person's number of chronic diseases climbs, this population trend signals even higher future Medicare program spending.

Private sector health insurers have extensive experience in using disease management and care coordination tools to effectively target and better engage patients that have chronic conditions. The successful Medicare Advantage program has given beneficiaries the option to receive Medicare benefits from these private plans that have an incentive to manage patient care across

all settings. As a result, 15.7 million beneficiaries – or 30 percent of Medicare participants – chose a Medicare Advantage plan in 2014.

Traditional fee-for-service Medicare has recently increased its focus on chronic care by implementing new billing codes in the physician fee schedule and by studying alternative payment models. Yet traditional Medicare still struggles to properly align incentives to providers who engage in labor and time intensive patient care coordination. Over the past decade, Congress routinely tasked the Centers for Medicare & Medicaid Services (CMS) with conducting various demonstration programs aimed at strengthening chronic care coordination, lowering hospital admissions, and reducing Medicare spending. These demonstration programs have, at best, shown mixed results which underscores the inherent limitations of traditional Medicare's fee-for-service payment system – one that rewards providers for delivering increased volume of services, but doesn't incentivize them to coordinate medical care.

Since the Affordable Care Act (ACA) became law, there has been an increased focus on programs like Accountable Care Organizations (ACOs) and Medical Homes. Recent ACO related demonstrations have initially shown promise, but these payment initiatives are still relatively new. The data has yet to prove if ACOs – as they are currently structured – will improve quality and significantly reduce Medicare spending long-term.

Developing and implementing policies designed to improve disease management, streamline care coordination, improve quality, and reduce Medicare costs is a daunting challenge. But we are committed to tackling this urgent matter head on and finding ways to provide high quality care at greater value and lower cost without adding to the deficit. As the Finance Committee looks to develop solutions that improve health outcomes for Medicare patients with chronic conditions, we intend to proceed carefully. Stakeholder input is critical for the committee to work toward its goal of producing bipartisan legislation that can be introduced and marked up later this year. To aid the Finance Committee in bipartisan chronic care reform policy development, we request all interested public and private sector stakeholders submit their best ideas on ways to improve outcomes for Medicare patients with chronic conditions.

In reviewing all submissions, we have three main bipartisan goals that each policy under consideration should strive to meet:

1. The proposed policy increases care coordination among individual providers across care settings who are treating patients living with chronic diseases;

2. The proposed policy streamlines Medicare's current payment systems to incentivize the appropriate level of care for patients living with chronic diseases; and

3. The proposed policy facilitates the delivery of high quality care, improves care transitions, produces stronger patient outcomes, increases program efficiency, and contributes to an overall effort that will reduce the growth in Medicare spending.

In addition, we request feedback on the following issue areas, which outline specific policy categories that the Committee plans to consider as part of its chronic care reform efforts:

1. Improvements to Medicare Advantage for patients living with multiple chronic conditions;

2. Transformative policies that improve outcomes for patients living with chronic diseases either through modifications to the current Medicare Shared Savings ACO Program, piloted alternate payment models (APMs) currently underway at CMS, or by proposing new APM structures;

3. Reforms to Medicare's current fee-for-service program that incentivize providers to coordinate care for patients living with chronic conditions;

4. The effective use, coordination, and cost of prescription drugs;

5. Ideas to effectively use or improve the use of telehealth and remote monitoring technology;

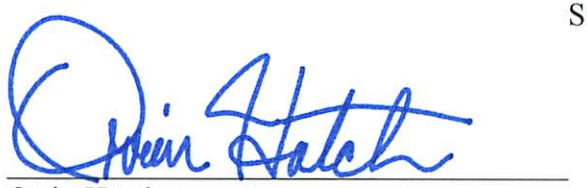
6. Strategies to increase chronic care coordination in rural and frontier areas;

7. Options for empowering Medicare patients to play a greater role in managing their health and meaningfully engaging with their health care providers; and

8. Ways to more effectively utilize primary care providers and care coordination teams in order to meet the goal of maximizing health care outcomes for Medicare patients living with chronic conditions.

The deadline to respond is Monday, June 22, 2015. Please submit all written comments to the Senate Finance Committee chronic care reform mailbox at chronic_care@finance.senate.gov. **Please note: all submitted comments will be considered part of the public record.** Thank you for taking the time to provide feedback on these important ideas for chronic care reform in the Medicare program. We look forward to reviewing your submissions.

Sincerely,



Orrin Hatch
Chairman

Ron Wyden
Ranking Member

Johnny Isakson
United States Senator

Mark R. Warner
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