May 18, 2017

The Honorable Pat Tiberi
Chairman
Subcommittee on Health
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Tiberi:

Thank you for your leadership on the Medicare program. As the Subcommittee on Health prepares to hold a hearing on this important topic, the Healthcare Leadership Council (HLC) welcomes the opportunity to share our thoughts with you.

HLC is a coalition of chief executives from all disciplines within American healthcare. It is the exclusive forum for the nation's healthcare leaders to jointly develop policies, plans, and programs, to achieve their vision of a 21st century health system that makes affordable, high quality care accessible to all Americans. Members of HLC—hospitals, academic health centers, health plans, pharmaceutical companies, medical device manufacturers, biotech firms, health product distributors, pharmacies, post-acute care providers, and information technology companies—are committed to advancing a consumer-centered healthcare system that values innovation, accessibility, and affordability.

With respect to Medicare, HLC supports stabilizing the program for beneficiaries using the tools that have been developed and used successfully in the private sector. If we do not act thoughtfully to modernize the Medicare program now, the program will not be able to adequately serve future generations.

Most importantly, HLC believes better care coordination and ease in navigating the healthcare system are imperative for Americans who depend on Medicare. While Medicare has played a vital role in American healthcare since it began providing benefits to seniors in 1965, it has been slow to keep up with advances in benefit design that would provide important care coordination and financial protection to its most vulnerable beneficiaries. Some care coordination and prevention benefits have been introduced by the Medicare Modernization Act and the Affordable Care Act, but more work needs to be done. The complicated structure of separate coverage for hospital benefits, physician benefits, prescription drug benefits, and supplemental insurance coverage (for those who can afford it) makes the system difficult to manage. Medicare also does not provide catastrophic coverage to protect against high out-of-pocket costs.

HLC has long been a supporter of fundamental Medicare modernization that builds upon the successes achieved in the Medicare Advantage (MA) and Medicare Part D programs. HLC believes these reforms should:

1) Foster value through consumer choice;
2) Empower and protect beneficiaries;
3) Incorporate a system where an "apples to apples" comparison of health plans, including traditional Medicare, is available to all beneficiaries;
4) Look to the successful competitive market-based features in existing federal programs that provide better access to coordinated care;
5) Include payments to health plans and providers that reflect accurate mechanisms to ensure fairness; and
6) Allow for effective oversight.

HLC shares your concern about Medicare payment policies that are set to expire this year. We believe that these important programs that provide services to our country's seniors and people with disabilities must be continued. To do so, they require adequate funding and support from Congress. However, HLC also believes that we need to make certain that these dollars are being spent effectively and that the programs are benefitting those individuals with the most need. HLC urges the Subcommittee to look at approaches to administering these programs in a way similar to how the MA and Medicare Part D programs are run.

Additionally, HLC would like to share a few ideas for Medicare reform for the Subcommittee's consideration:

Stark, Anti-Kickback, and Civil Monetary Penalties Reform

HLC supports moving toward a value-based payment and delivery system for healthcare. These new delivery and payment models are designed to encourage greater integration among providers and other healthcare stakeholders. This raises the need to address the current fraud and abuse legal framework to make it more compatible with value-focused health system transformation. HLC encourages the Subcommittee to address the Stark Self-Referral Law, the Anti-Kickback Statute, and the Civil Monetary Penalties Law in the context of health system transformation, specifically where the laws create unnecessary barriers to new integrated care models and whether these laws are effective in limiting fraudulent behavior. Changes identified through this assessment may yield opportunities to amend fraud and abuse laws to foster healthcare arrangements that promote increased quality and lower costs. Furthermore, HLC recommends that Congress grant the Health and Human Services (HHS) Office of the Inspector General and Centers for Medicare and Medicaid Services (CMS) broader flexibility and discretion in developing exceptions and safe harbors to the Stark Law and Anti-Kickback Statute consistent with value-based health policy objectives.

Independent Payment Advisory Board Repeal

HLC strongly supports repeal of the Independent Payment Advisory Board (IPAB), and urges the Subcommittee to do the same by supporting the "Protecting Seniors' Access

to Medicare Act" (H.R. 849). The CMS Office of the Actuary indicated that IPAB is on track to be triggered this year and the announcement is imminently expected. HLC opposes IPAB because we believe that the bulk of any recommended spending reductions will be permanent cuts to Medicare providers. This will affect patient access to care and innovative therapies.

Community-Based Care for Seniors

HLC urges the Subcommittee to support legislation similar to that introduced in the last Congress (H.R. 4212, the "Community-Based Independence for Seniors Act"). This legislation would establish a Community-Based Institutional Special Needs Plan demonstration program to provide home and community-based care to low-income Medicare beneficiaries who are unable to perform two or more activities of daily living. The bill would improve care and eliminate the need for these beneficiaries to spend down their income and assets to qualify for Medicaid. They would instead be provided with home and community-based long-term care services and supports.

Medicare Non-Interference

HLC opposes proposals that would allow the HHS Secretary to interfere in private negotiations in the Medicare Part D program. We are concerned that such proposals could undermine Medicare Part D's competitive structure and restrict access for millions of beneficiaries. Per an analysis by the QuintilesIMS Institute, these negotiations reduce a drug's list price approximately 35 percent. The Congressional Budget Office (CBO) has concluded that the government would not be able to win bigger price concessions than private health plans already receive. The only way to achieve any greater savings would be to bar seniors from gaining access to drugs or to restrict their access to pharmacies.

Medicare Part D's competitive structure has been critical to the program's success. Notably, Medicare baselines from CBO show that total Medicare Part D costs are nearly $350 billion less than the initial 10-year cost estimate. Additionally, Medicare Part D spending, including both brand and generic drugs, made up only 11.8 percent of Medicare spending in 2015. CMS once again announced that average monthly premiums will be relatively stable at $34 in 2017, and the most recent Medicare Today survey shows that nearly 90 percent of beneficiaries are satisfied with their coverage.

We believe that repeal of the non-interference provision could jeopardize beneficiaries' access to comprehensive, affordable prescription drug coverage and would undermine the structure of a highly successful program upon which millions of people rely. We urge you reject any proposals that would allow government interference in Medicare Part D negotiations.

Expanding Patient Access to Pharmacists' Services

Millions of Americans lack adequate access to primary care services – especially in underserved communities. In coordination with other healthcare providers, pharmacists can provide underserved Medicare beneficiaries with the care they need and deserve. The "Pharmacy and Medically Underserved Areas Enhancement Act" (H.R. 592) would

amend Medicare so beneficiaries can access pharmacist-provided Medicare Part B services if they are provided in medically underserved communities and consistent with state scope of practice laws. This legislation would provide additional site of care options for patients, by leveraging pharmacists' comprehensive and unique education and training in the use of medications to treat, manage, and prevent diseases. Pharmacists can provide care for their patients – ranging from administering vaccines to medication therapy management.

Medicare Coverage of Telehealth Services

HLC believes that telehealth is an important tool to modernize the healthcare system, and supports waiving Medicare's geographic and technical limitations on the use of telehealth. In MA, HLC supports telehealth's inclusion as part of the basic benefit package and not limited to the amount of supplemental benefit funds available. HLC urges the Subcommittee to consider telehealth legislation including the "CONNECT for Health Act," the "Furthering Access to Stroke Telemedicine Act," and the "Creating High-Quality Results and Outcomes Necessary to Improve Chronic (CHRONIC) Care Act." These bills would improve access to telehealth services for Medicare beneficiaries and move Medicare forward in how the program provides care to seniors with chronic illnesses.

Medicare Coverage of Diabetes Self-Management Training

Approximately 11.2 million Americans over the age of 65 (nearly 30 percent) have diagnosed diabetes and half of all those over the age of 65 have prediabetes. Currently, one out of every three Medicare dollars is spent on care for people with prediabetes and diabetes. HLC believes that this is an urgent situation that needs to be addressed. Giving these Medicare beneficiaries the strategies necessary to manage their diabetes will improve health outcomes and will save costs by reducing the need to treat the expensive complications of the disease. Diabetes Self-Management Training (DSMT) provides patients with diabetes with the critical knowledge and skills needed to manage their diabetes and reduce healthcare costs. This evidence-based training covers techniques for self-monitoring blood glucose levels, medication management and insulin injection administration, nutrition planning, exercise recommendations, and diabetes problem-solving suggestions. Despite the assistance this program could provide to patients with diabetes, DSMT has been underutilized. HLC urges the Subcommittee to look at ways to improve utilization of this program, including increasing the number of hours covered by Medicare, allowing medical nutrition therapy (MNT) and DSMT to be provided on the same day, removing patient cost-sharing, broadening the scope of referring providers for DSMT, and expanding the program to community-based locations.

Medicare Coverage of Medical Nutrition Therapy

HLC supports the use of MNT for people with pre-diabetes and risk factors for developing type 2 diabetes. MNT includes a nutrition and lifestyle assessment, review of eating habits, individual nutritional counseling and education, and follow-up visits to monitor progress in achieving patient driven goals. However, this program is currently only available to Medicare beneficiaries diagnosed with diabetes or renal

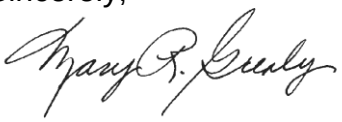
disease. By extending MNT to those at risk, the Subcommittee will improve health outcomes for individuals at risk for diabetes and save Medicare the costs of treating their diabetes.

Medicare Coverage of Obesity Medications

Like diabetes, obesity affects a large proportion (approximately 34%) of Medicare beneficiaries and its complications can be very costly. To improve health outcomes and reduce costs, HLC urges the Subcommittee to consider legislation such as H.R. 1953, the "Treat and Reduce Obesity Act," which would provide Medicare beneficiaries and their healthcare providers with meaningful tools to reduce obesity by improving access to weight-loss counseling and by allowing coverage for new Food and Drug Administration-approved prescription drugs for chronic weight management.

Thank you again for your commitment to the Medicare program and to improving the lives of Medicare beneficiaries. HLC looks forward to continuing to work with you on this important issue.

Sincerely,



Mary R. Grealy
President