



October 3, 2018

The Honorable Susan M. Collins
Chairman
U.S. Senate Special Committee on Aging
G31 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Bob Casey
Ranking Member
U.S. Senate Special Committee on Aging
G31 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Collins and Ranking Member Casey:

The Healthcare Leadership Council (HLC) applauds the U.S. Senate Committee on Aging's efforts to reduce costs and improve the value of care for older Americans.

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 healthcare 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, laboratories, biotech firms, health product distributors, post-acute care providers, and information technology companies – advocate for measures to increase the quality and efficiency of healthcare through a patient-centered approach.

Our healthcare system faces unprecedented challenges as the population ages and manages complex diseases and illness. As the committee explores ways to reduce healthcare spending and increase the quality of care among older Americans, HLC members encourage the consideration of the following policy areas:

Promoting Value-Based Care

Physician Self-Referral (Stark) Law and Anti-Kickback Statute

The U.S. healthcare system continues to move toward quality-driven, value-based care delivery and payment models. Current regulatory barriers, such as the Federal Anti-Kickback Statute and the Stark Law, initially implemented to address the vulnerabilities of a fee-for-service payment system, can limit development of value-based care delivery between and among providers, payers, and other healthcare stakeholders. Modernizing these laws to reflect the trend towards value-based care will help patients experience more cost-efficient, higher quality care. HLC believes it is essential to keep consumer protections in place, while at the same time, creating a clear pathway for care coordination that brings better value to patients and the Medicare program.

Alternative Payment Models

The Medicare Payment Advisory Committee reports that in 2018, there are 656 Medicare Accountable Care Organizations (ACO), which cover close to one-third of Medicare Fee-for-Service beneficiaries.¹ Alternative payment models, such as ACOs can achieve meaningful progress toward a value-based healthcare system. The goal of Accountable Care Organizations is better outcomes for patients through improved care coordination, however, Congress should act to address flaws in the ACO structure. Currently, Medicare beneficiaries do not choose to enroll in a particular ACO. Rather they are assigned based on the physician they choose. Consequently, the ACO is responsible for managing the patient's care even though the patient is likely unaware they are under that umbrella and uninformed to the benefits of this approach. Informing patients of the benefits of care coordination among their providers and creating incentives that encourage patients to remain in ACOs and other care delivery models that focus on coordination, will allow these models to attain improved outcomes while reducing costs. Additionally, to optimize the effectiveness of ACOs, more progress needs to be made in data sharing and interoperability, so that entities have real-time knowledge of workflows, care coordination, and progress toward quality measures.

Price Transparency

Consumer transparency of healthcare prices should provide practical, consumer-friendly information that facilitates decision-making. Currently, much of the data in the Medicare claims database would not meet this test as it is not representative of the actual costs billed to insurers or the Medicare program. Sharing of cost or payment data should be released in conjunction with accurate information on quality in order to drive value in healthcare and to prevent erroneous assumptions about quality based on costs. HLC urges Congress to take an approach that ensures consumers can make judgments based on value rather than cost.

Patient Engagement through Use of Technology

HLC members share the belief that to promote connected care for our seniors, they and their designated family members must be able to easily and securely access their electronic information, direct it to any desired location, learn how their information can be shared and used, and be assured that this information will be effectively and safely used to benefit their health and that of their community. With that in mind, HLC members support the integration of consumer-facing technologies such as wearable devices, use of mobile devices and apps, and other innovative technologies that complement the traditional practice of medicine and allow patients to engage more directly in their care by accessing data that is collected in real-time.

Affordability of Prescription Drugs

The U.S. healthcare system has seen an increase in the cost of prescription drugs which has adversely affected patients, providers, payers and other healthcare stakeholders. Increases in drug prices are often due to the lack of competition in the prescription drug marketplace. HLC supports a shift towards a value-based system that increases competition, pays based on value

¹ MedPAC June 2018 Report. Chapter 8: Medicare accountable care organization models: Recent performance and long-term issues. Available at: http://www.medpac.gov/docs/default-source/reports/jun18_ch8_medpacreport_sec.pdf?sfvrsn=0

versus volume, and improves data infrastructure and utilization. Access to affordable prescription drugs through policies that encourage competitive markets will lower drug costs while promoting innovation and supporting access to treatment. By encouraging the entry of new drugs into the market, more competition will catalyze and help to lower drug prices in the market.

As the baby boomer generation retires and becomes eligible for Medicare, these issues will continue to have far-reaching implications for older Americans. Thank you for examining this important issue and please feel free to reach out to Tina Grande, Senior Vice President for Policy, at (202) 449-3433 or tgrande@hlc.org with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Mary R. Grealy". The signature is fluid and cursive, with the first name "Mary" being the most prominent part.

Mary R. Grealy
President