

Congress of the United States
Washington, DC 20515

October 23rd, 2018

The Honorable Seema Verma
Administrator, Centers for Medicare & Medicaid Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Administrator Verma,

As supporters of the movement to a value-based health care system that rewards quality and decreases costs, we write to you today regarding the Centers for Medicare & Medicaid Services' (CMS') recent proposal *Medicare Program; Medicare Shared Savings Program; Accountable Care Organizations—Pathways to Success* [CMS-1701-P]. We share CMS' goal to ensure that Accountable Care Organizations (ACOs) under the voluntary Medicare Shared Savings Program (MSSP) continue to generate savings for the Medicare program and move health care providers toward risk and value-based models.

The ACO model is a market-based solution that empowers local physicians, hospitals and other providers to work together and take responsibility for improving quality and lowering the growth rate of healthcare spending in the Medicare program. The statistics are clear: a 2017 Health and Human Services (HHS) Office of Inspector General report found that ACOs achieved high quality and, in particular, noted progress on important measures such as reduced hospital readmissions and screening beneficiaries for risk of falling and depression.¹ By CMS' estimates, in 2017, 472 ACOs caring for 9 million beneficiaries participated in the MSSP, generating gross savings of \$1.1 billion and an estimated net savings of \$314 billion.² This is consistent with independent research: a new actuarial study found that ACOs saved \$1.8 billion from 2013 through 2015 and reduced Medicare spending by \$540 million.³ Further, peer-reviewed studies by Harvard University researchers have found that the MSSP saved more than \$200 million in 2013 and 2014 and \$144.6 million in 2015 after accounting for shared savings bonuses earned by ACOs.⁴

As we move forward in implementation of the Medicare Access and CHIP Reauthorization Act (MACRA), it is imperative that MSSP ACO participation remains a workable option because MACRA's fundamental structure is premised on the ability to participate under an Advanced Alternative Payment Model track, which primarily includes ACO models. While CMS' recent proposal has a number of improvements to the current program—such as opportunities for reduced regulatory burden, increased beneficiary engagement, and greater predictability and stability through longer agreement periods—we are concerned that CMS' proposals to shorten the glide path for new ACOs to assume financial risk from 6 years to 2 years, and to cut the shared savings rate from 50 to 25 percent, will have the unintended impact of impeding new ACO entry. To ensure that ACOs have a sufficient business case to participate in this voluntary program, we urge CMS to modify these proposals in the final rule.

¹ U.S. Department of Health & Human Services Office of Inspector General, "Medicare Shared Savings Program Accountable Care Organizations Have Shown Potential for Reducing Spending and Improving Quality," (OEI-02-15-00450) (August 28, 2017), available at <https://oig.hhs.gov/oei/reports/oei-02-15-00450.asp>.

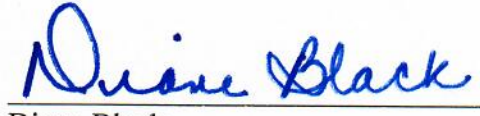
² Centers for Medicare & Medicaid Services, "2017 Shared Savings Program (SSP) Accountable Care Organizations (ACO) PUF," (August 30, 2018), available at <https://data.cms.gov/Special-Programs-Initiatives-Medicare-Shared-Savin/2017-Shared-Savings-Program-SSP-Accountable-Care-O/gk7c-vejx>.

³ https://www.naacos.com/assets/docs/pdf/Study_of_MSSP_Savings_2012-2015.pdf

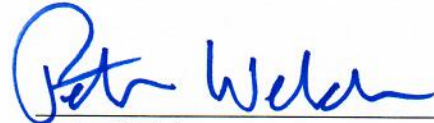
⁴ McWilliams et. al., "Medicare Spending after 3 Years of the Medicare Shared Savings Program," *The New England Journal of Medicine* (September 5, 2018), available at https://www.nejm.org/doi/full/10.1056/NEJMsa1803388?query=featured_home.

Thank you for your efforts; we look forward to working with CMS as it continues the good work of incentivizing the move from volume to value in health care.

Sincerely,



Diane Black
Member of Congress



Peter Welch
Member of Congress



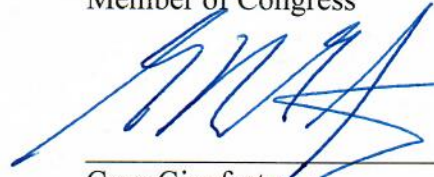
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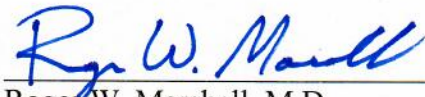
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