



October 7, 2013

The Honorable John Boehner
Speaker of the House
Washington, DC 20515

The Honorable Harry Reid
Senate Majority Leader
Washington, DC 20515

The Honorable Nancy Pelosi
House Minority Leader
Washington, DC 20515

The Honorable Mitch McConnell
Senate Minority Leader
Washington, DC 20515

Dear Speaker Boehner, Leader Reid, Leader McConnell, and Leader Pelosi:

As Congress debates the best way to reduce spending growth and the deficit, the Partnership for the Future of Medicare (PFM) is concerned about proposals that would indiscriminately cut Medicare spending, especially additional cuts to the Medicare Advantage (MA) program. At a time when our health system is recognizing the value of coordinated, patient-centered care and actively pursuing new payment and delivery models that incent better outcomes and quality care, any cuts to programs delivering such innovation represent a shift away from this goal and would be a giant step backward.

The MA program, for example, has already sustained significant funding cuts in recent years. The Affordable Care Act (ACA) mandated \$200 billion in cuts to MA, and yet only 10 percent of these cuts will have taken effect by the end of 2013. The 2012 Fiscal Cliff deal cut an additional \$2.5 billion from MA through a "coding intensity" provision. In 2014, the ACA health insurance tax will increase the cost of MA coverage by \$3,590 per-beneficiary over 10 years. And those cuts are compounded by the additive two percent Medicare sequester. Looking ahead to 2015, the outlook for MA is unsustainable, given that the Star Ratings bonus demonstration expires, the health insurance tax and coding intensity cuts increase and ACA cuts grow deeper. Indiscriminate cuts on top of these will do nothing to reform the Medicare program and instead will harm it.

While we recognize the need to address near-term budgetary pressures, as a bi-partisan organization focused on the future of Medicare, we believe any additional cuts to the MA program would reflect a misguided continuation of reimbursement cuts that are short-term budget approaches rather than long-term solutions. We believe these types of policies will have negative, short- and long-term consequences for beneficiaries because they do not account for the impact of integrated delivery system reform on quality, outcomes and cost.

MA plans are an important partner to the Medicare program. This 30 year coordinated care program now covering nearly 15 million Medicare beneficiaries is integral to comprehensive Medicare reform, as it has served as the blueprint for the Accountable Care Organization model. Outcomes and data related to patterns of enrollment, access, payment and impact on beneficiaries between MA plans and original Medicare are critical to any future Medicare reform discussion. Using these analyses, we can then begin to make informed, purposeful decisions about the best path forward for the program.

Achieving fiscal sustainability while adequately meeting the health needs of the beneficiary populations are chief concerns for the Medicare program, and any reform must be evidence-based. This approach to reform is the only way to ensure the sustainability of the Medicare program for future generations.

Thank you,

/s/

Douglas Holtz-Eakin, Ph.D.
Co-Chair
Partnership for the Future of Medicare

/s/

Kenneth Thorpe, Ph.D.
Co-Chair
Partnership for the Future of Medicare