



December 6, 2016

By Electronic Mail

The Honorable Donald Trump
President-Elect of the United States of America
Office of the President-Elect

The Honorable Mike Pence
Vice President-Elect of the United States of America
Office of the President-Elect

The Honorable Mitch McConnell
Majority Leader
United States Senate

The Honorable Charles Schumer
Democratic Leader
United States Senate

The Honorable Paul Ryan
Speaker
U.S. House of Representatives

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives

The Honorable Tom Price, M.D.
Secretary-Designate
Department of Health & Human Services

Ms. Seema Verma
Administrator-Designate
Centers for Medicare & Medicaid Services

Dear Mr. Trump, Governor Pence, Majority Leader McConnell, Senator Schumer, Speaker Ryan, Representative Pelosi, Representative Price, and Ms. Verma:

The Health Care Transformation Task Force (“HCTTF” or “Task Force”) congratulates President-Elect Donald Trump and Vice President-Elect Mike Pence on their recent election victory, and we look forward to working with the new Administration and Congress on promoting person-centered, value-based health care.

There is broad bipartisan agreement on the need to reduce the growth of health care spending, which has consistently exceeded general inflation. The traditional fee-for-service payment models are well-understood to have placed the United States as the highest spending nation with the lowest health status among economically developed nations. The rising cost of health care is making it increasingly unaffordable for businesses and consumers. It is unacceptable to continue with the high cost and variable quality of today’s health care system, which saps the competitiveness and wages of working Americans.

Significant efforts are underway, led by the private sector in combination with ongoing efforts at the Centers for Medicare & Medicaid Services (“CMS”), that seek to change this reality, and positive results are starting to be realized. As a leading private sector, multi-stakeholder consortium, the HCTTF

is committed to adopting payment reforms that promote a competitive marketplace for value-based health care and allow health care organizations to move health care payment from a system that rewards volume of services to one that rewards value of care.

The HCTTF is eager to work with the incoming Trump-Pence Administration and new Congress to achieve sustainable change in value-based care, which requires alignment between the private and public sectors. No other single policy initiative holds more promise to moderate entitlement spending and to free up needed discretionary resources for other national priorities, like infrastructure and defense.

Background on the Health Care Transformation Task Force

HCTTF's 43-member membership is unique; we bring together purchasers/employers, payers, providers and patients/consumers, to work collaboratively to promote the transition to new payment models that foster value-based care. Our members include representation from six of the nation's top 15 health systems and four of the top 25 health insurers (including for-profit and not-for-profit businesses), as well as leading national organizations representing employers, and patients and their families. All of our members' dedication to high quality, affordable care is strong.

Our payer and provider members are committed to transitioning 75 percent of their business to value-based payment models by 2020. As of last year, our members reached 41 percent in their pursuit of this goal through a range of innovative payment models (*e.g.*, capitation and global payment models, accountable care organizations, clinical episode models, and ESRD and oncology care value-based models) across multiple programs and populations, including commercial, Medicare Advantage, Medicaid, and traditional Medicare. **The next four years will be a critical time for industry and consumers, working with the new Administration and Congress, to achieve the benefits of a competitive health care system that provides lower cost, high quality, and a better patient experience.**

Value-Based Payment and Care Delivery Has Longstanding Bipartisan Support

The move to payment reform and value-based care – also referred to as delivery system reform – has been underway for many years in response to market demands and with bipartisan support. With a significant level of avoidable waste in the system, policymakers have long recognized the need to invest in a modernized health care infrastructure. Congress and President George W. Bush sowed the seeds for value-based payment by launching pay for reporting policies, hospital value-based purchasing, and increased transparency on quality reporting, all of which were intended to promote increased competition based on value in the Medicare market. President Bush also called on providers to adopt electronic health records (EHRs) by 2014, and his Administration established a federal office to help develop standards for and certify EHR products.

The Bush Administration's efforts were then continued and expanded upon by the Obama Administration, reflecting a collaborative bipartisan effort to nurture value-based payment models. Over time, numerous payment and delivery system reforms have been implemented, mainly through CMS, which seek to benefit patients and change incentives to move away from outdated fee-for-service programs.

The strongly bipartisan Medicare Access and CHIP Reauthorization Act (“MACRA”) has accelerated this momentum by significantly modernizing the way Medicare will pay for physician services to focus on value over volume, and the new Administration should fully support MACRA’s implementation. Also, the pending bipartisan chronic care legislation developed by the Senate Finance Committee, which the HCTTF strongly supports, is another example of a cooperative effort to provide value-based care to patients in need.

Overall, value-based payment systems hold the promise of improving quality and reducing cost, while also efficiently managing the burdens these systems place on physicians and other providers so that they can focus on patient care. HCTTF members recognize the opportunity to moderate and spread the infrastructure burden associated with transformation on all providers. The Task Force stands ready to work with policymakers to alleviate the measurement and reporting burden, especially for practicing physicians.

The HCTTF strongly urges the incoming Administration and Congress to express their support for payment reform and value-based health care and to urge the industry to continue its important evolution to a modern payment and care delivery system that provides high value, affordable health care through a competitive marketplace. At this critical time of the industry’s transformation, bipartisan support is critical to help consumers and businesses fully realize the goal of a sustainable, person-centered health care system that promotes choice, quality, and affordability. **This is not the time for policymakers to waver or reverse course, which would send a negative message to the industry and chill ongoing transformation efforts.**

Value-Based Care Transformation Is a Commitment to Modernizing the Health Care System, Increasing Jobs, and Encouraging Entrepreneurial New Businesses

The Task Force’s progress toward its 75 percent by 2020 goal is an example of the kind of private sector leadership extolled by the President-elect and Members of Congress on both sides of the aisle. The health care community is responding to market dynamics that demand emphasis on reducing cost and focusing on person-centered care. Payment reforms that enable better competition is at the forefront of this process, and greater focus has been placed on the quality and value that consumers and purchasers realize from these innovative payment models. However, industry cannot achieve long term success without the nation’s single largest payer – the Medicare program – continuing to signal the importance of moving from fee-for-service to value-based payment.

The transition to new payment and care delivery models has been aided by the arrival in the market of well-capitalized entrepreneurial businesses that partner with providers and payers to help accelerate this transformation. These new businesses create rewarding American jobs, and this job creation is projected to increase significantly over the next few years.

While payment and delivery system reform is critical to reduce costs and improve quality, the transition is challenging both operationally and culturally. It requires significant investment in terms of financial and human resources. This kind of change is the classic example of modernizing the plane while flying it. A private sector task force is the most effective way to spread the best practices and shared learnings necessary to transform the system while continuing to deliver high quality care under the volume-driven system.

The full realization of the benefits of value-based care requires a sustained commitment over time. For several years now, the health care industry has been hard at work changing outdated payment systems that promoted the wrong incentives. While not fully scaled, the new payment models have made great progress in promoting transparency, reducing cost, and improving quality. Many organizations are nearing the tipping point for realizing permanent change. In recent years, the moderation of the rate of Medicare spending increases reflects that the transformation investments are producing a desirable return.

Despite the great progress made to date, continued positive payment and delivery system reform is not a given. Affirmation and support from the next Administration and Congress will encourage leading health care entities to continue making major investments in information technology, human resources, care delivery infrastructure, and innovative treatment modalities. In the face of uncertainty, some industry participants may decide either to stop current investments, or not begin to make investments until it is clear the new Administration and Congress will be supportive of this transformation.

This is why the Task Force strongly urges the new Administration and Congress to affirm their support for the transition to value-based care that reduces cost, improves quality, and more sharply focuses on patient needs. Given the significant industry investment and strong progress to date, we urge the new Administration and Congress to send signals of support and encouragement so this transition can be sustained.

Private and Public Sector Alignment Is Critical To Achieving Sustainable Value-Based Payment

The Task Force stands ready to be a resource and work with you on these important issues, including sharing the private sector progress made to date and how the sustainability of a truly value-based care delivery system is within reach. We believe these shared learnings, experiences, and initial successes are persuasive for policymakers to continue partnering with industry to help the American health care system reach this important and necessary goal. **The only path to achievable sustainable value-based payment is by aligning private sector and public sector efforts.**

There are also significant opportunities for policymakers to reduce regulation and red tape by removing existing barriers that hinder the ability of certain private sector models to succeed. We would be happy to share our experiences with regard to regulations and policies that are hindering success under these new payment models.

A sustainable care delivery system is one that encourages market-based solutions and alignment between the private and public sectors. The change occurring within the private sector is significant, yet public sector innovation on reimbursement and care delivery structures has also been critical to stimulate innovation. In particular, the Center for Medicare & Medicaid Innovation (“CMMI”) has provided an effective laboratory to test a wide variety of value-based care models, and has been an important partner for the private sector in the push to realize broad scale reform. CMMI also offers an opportunity for the private sector to provide direct feedback to improve government programs and operations.

CMMI’s current work is increasingly focused on encouraging state-based models, which recognizes the importance of allowing states to innovate and drive the local market adoption of

payment reforms and value-based care. This laboratory continues to provide an effective vehicle to examine even more payment and delivery system reform concepts, including those that may be of a higher priority for the incoming Administration and Congress. The testing of innovative ideas is critical to the continual modernization of the United States health care system. **We urge the new Administration and Congress to continue using CMMI or a comparable entity to help develop competitive payment models based on value.**

In sum, the Health Care Transformation Task Force remains committed to promoting sustainable, market-based solutions aimed at reducing unnecessary utilization and improving quality for patients. We recognize the importance of reliable and cost-effective health care products that provide choice for private sector purchasers and consumers alike, and the need to promote effective care that is value-based and moves away from the wrong incentives of fee-for-service.

We urge the new Administration and Congress to redouble efforts to move the health care system towards value and encourage a marketplace that continues to support these important payment reforms during these critical next four years. The HCTTF stands ready to work together to complete the journey to a person-centered health care system that promotes choice and emphasizes high quality, efficiency, and affordable care.

Please contact HCTTF's Executive Director Jeff Micklos (jeff.micklos@leavittpartners.com or 202.774.1415) with any questions about or follow up to this letter.

Sincerely,

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