



March 4, 2016

Andy Slavitt
Acting Administrator
Centers for Medicare & Medicaid Services
Department of Health & Human Services
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Acting Administrator Slavitt,

On behalf of over 280 multi-specialty medical groups and independent practice associations, we write to respond to the proposals in the Medicare Advantage (MA) Draft Rate Notice and Call Letter for CY 2017. As you know, physician organizations all across the country are committed to the transition from volume to value to meet Secretary Burwell's ambitious delivery system goals. As we embark on this journey, we believe that MA is a critically important foundation for the movement into alternative payment models (APMs), and as such, must be funded wisely and appropriately.

CMS Should Encourage the Development of Alternative Payment Models in Medicare Advantage

In the Rate Notice, the Centers for Medicare & Medicaid Services (CMS) indicates that it will begin asking MA plans to report on the proportion of payments made to providers based on the HHS developed four categories of value-based payment: fee-for-service with no quality link; fee-for-service with a link to quality; APMs built on fee-for-service architecture; and population-based payments. We applaud the gathering of this data as an important step toward encouraging APMs in MA.

Today, some MA plans utilize the most sophisticated APM available: percent of premium, global population-based payment. We view this model as the ultimate destination for the delivery system reform journey. To be sure, this type of sophisticated alternative payment model offers

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the greatest alignment of incentives across both ambulatory and inpatient providers in order to keep patients healthy, reduce costs, and improve quality.

While some MA plans are making risk-based payments to physicians and other providers, fee-for-service contracting remains the predominant model in MA. While significant attention has been paid to innovations in traditional Medicare, MA is basically ignored in both the implementation of the Medicare Access and CHIP Reauthorization Act (MACRA) and Secretary Burwell's value goals. Unfortunately, and ironically, the best positioned program for delivery system reform has been left out of the national conversation.

We call on CMS to offer the same incentives for movement to APMs in MA as those offered in traditional Medicare. Beginning in 2019, risk-bearing APMs in traditional Medicare will be eligible for a five percent MACRA bonus. A physician group and health plan in MA participating in a risk-bearing arrangement should be eligible for the same incentives. Identifying the types and proportion of payments from plans to providers in MA is an important first step toward achieving parity between traditional Medicare and MA. We call on CMS to implement this proposal and then move rapidly toward a system of incentives for MA APMs.

CMS Should Account for the Impact of RADV Audits on Physician Organizations in MA

While we appreciate CMS' adhering to the statutory minimum coding adjustment factor, we remain concerned that **the rate proposal does not account in any way for the effect of RADV audits on physician organizations**. In the rate notice, CMS states that "higher levels of diagnostic documentation generally lead to higher payments than would be the case if MAOs coded like FFS providers." CMS refers to the two tools that it has to address coding differences between MA and FFS. One is the coding adjustment factor. The second is risk adjustment data validation (RADV) auditing.

Although RADV audits are applied at the health plan level, the effects of RADV audit recoveries are felt directly by physician organizations, both in terms of validation of codes and penalties assessed. In the RADV system, a sample of enrollees are reviewed to identify diagnoses that are unsupported by the medical record. If errors are found, the error rate is extrapolated across the entire health plan contract. Plans then pass through any reduction in payment to their entire contracted network. Penalties are recouped from physician organizations without regard to whether that organization contributed to the errors in the audited sample. That is to say, even groups with the most accurate documentation can be penalized because of inaccuracies elsewhere in the plan's network. This application of penalties does nothing to advance the agency's goals of detecting and deterring fraud, and instead inappropriately reduces resources for sophisticated physician organizations to care for their patients without any basis.

This negative effect on physician organizations --even where **no "upcoding"** has occurred -- is unaccounted for in the overall rate picture and yet is an important component of the

program. This is particularly true in light of CMS's recent proposed statement of work which would expand RADV audits from five percent of MA contracts to 100 percent of MA contracts.

Encounter Data as a Diagnosis Source for 2017

We oppose the proposed phase in of encounter data as a diagnosis source for 2017. We encourage CMS to move at a slower, more reasonable pace that ensures accuracy in data transmission and payment.

For PY 2016 CMS initiated the transition to encounter data based risk scores by blending the risk scores, weighting the risk score from Risk Adjustment Processing System (RAPS) and FFS by 90% and the risk score from the Encounter Data System (EDS) and FFS by 10 percent. For PY 2017, CMS proposes to move to a 50-50 weighting for each source.

CMS must approach the phase in of encounter data with a high level of caution. It is essential that the agency ensure that this information accurately translates the risk of the population from the physician organization to the plan to CMS. We are concerned that not enough attention or testing has been done to ensure the reliability of data transmission and accuracy of data. We believe there is strong potential that this system will lead to underpayment for populations because the data will not accurately describe population risk. CMS must ensure that any movement forward on this phase-in has been carefully tested and is proven to be a reliable source for payment information. The progression should be substantially slowed in the final rate notice.

Continuing on the Right Path for Home Health Risk Assessments

We appreciate that CMS maintained its prior guidance on the issue of in-home health risk assessments. We continue to believe that these assessments can have significant value in care planning and care coordination. We believe that a reasonable solution to this issue was developed in last year's rate notice and are relieved to see that the agency has not re-opened this settled matter.

Accounting for Healthcare Cost Trend

We note that CMS is estimating an average impact of +1.35% to MA rates as a result of its policy proposals. As you know, the actual impact to physician organizations varies widely and depends on a number of factors, and may be substantially less than the CMS estimate. Given the broad potential range on physician organizations, we remain concerned that this update to MA rates fails to appropriately support this important program. We note that costs across the industry are rising, including pharmaceutical and injectable costs, and that even under CMS's estimated increase the MA rates fail to keep pace with underlying healthcare cost growth. As physician

organizations move into risk-bearing arrangements, sufficient updates to MA are necessary to support delivery system transformation and better care for beneficiaries.

Conclusion: Protect and Strengthen MA for the Future

Risk-based physician organizations in MA are at the leading edge of delivery system reform. The combination of appropriate financial incentives and the program's flexibility to invest in care management and population health make MA a popular option for our patients. Today, over 17 million seniors are enrolled in MA, nearly one-third of overall Medicare enrollment. We believe that this number will continue to grow as long as policy decisions support a strong future for this important Medicare option. We look forward to a final rate announcement that creates a strong MA program for the future.

Sincerely,



DONALD H. CRANE
President & CEO

Adams Family Practice (AL)

Advanced Medical Management (CA)

- Access Medical Group/Access Senior Health Care (CA)
- California IPA (CA)
- Community Care IPA (CA)
- Premier Care IPA/Premier Care Health Services (CA)
- MediChoice IPA (CA)
- Seoul Medical Group (CA)

Adventist Health Physicians Network, IPA (CA)

Advocate Physician Partners (IL)

Affinity Medical Group (Stanford Health Care) (CA)

Alabama Multispecialty Group (AL)

AllCare IPA (CA)

Allied Physicians of California (CA)

Allina Health (MN)

AltaMed (CA)

Anjanetta Family Practice (AL)

AppleCare Medical Group, Inc. (CA)

Atrius Health (MA)

Austin Regional Clinic (TX)

Baptist Health Centers (AL)

BayHealth Physician Alliance (DE)

Beaver Medical Group (CA)

Bon Secours (VA)

Brookwood Medical Group (AL)

Brown and Toland Medical Group (CA)

California Pacific Physicians Medical Group, Inc. (CA)

Catholic Health Initiatives Physician Enterprise (CO)

- Colorado Health Neighborhoods (CO)
- UniNet (NE)
- Mercy Health (IA)
- St. Luke's Health Network (TX)
- Arkansas Health Network (AR)
- Mission HealthCare Network (TN)
- KentuckyOne Health Partners (KY)
- PrimeCare Select (ND)
- TriHealth (OH)

CareMore Medical Group (CA)

CareMount Medical (NY)

Cedars-Sinai Medical Group (CA)

Central Ohio Primary Care (OH)

Chinese Community Health Care Association (CA)

Choice Medical Group IPA (CA)

Cicero Medical Clinica (IL)

Cigna Medical Group (AZ)

Citrus Valley Independent Physicians (CA)

Coalition of Asian American IPA (CAIPA)

Coast Healthcare Management (CA)

- Alamitos IPA (CA)
- Brookshire IPA (CA)
- Citrus Valley Physicians Group (CA)
- Family Care Specialists IPA (CA)
- Fountain Valley IPA (CA)
- Good Samaritan Medical Practice (CA)
- Lakewood IPA (CA)
- Premier ACO Physicians Network (CA)
- Primary Care Associates of California (CA)
- St. Mary IPA (CA)

Conifer Health Solutions (CA)

- AKM Medical Group (CA)
- AMVI Medical Group (CA)
- Exceptional Care Medical Group (CA)
- Family Choice Medical Group (CA)
- Family Health Alliance (CA)
- Huntington Park Mission Medical Group (CA)
- Medicina Familia Medical Group (CA)
- New Horizons Medical Group (CA)
- Noble Community Medical Associates (CA)
- OmniCare Medical Group (CA)

- Premier Physician Network (CA)
- United Care Medical Group (CA)

DaVita HealthCare Partners (AZ, CA, FL, NV, NM, WA)

Dignity Health Foundation (CA)

Dr. B Family Practice (AL)

Edinger Medical Group (CA)

Edmonds Family Medicine (WA)

El Paso Integral Physicians (TX)

Empire Physicians (CA)

Encompass Medical Group (KS)

Epic Management LP (CA)

Esse Health (MO)

The Everett Clinic (WA)

Facey Medical Foundation (CA)

Fairfax Family Practice Centers (VA)

Family Care Network (WA)

GEMCare Mercy Memorial Health System (CA)

Greater Newport Physicians (CA)

Gundersen Health System (WI)

Guthrie Medical Group (PA)

Healthcare Integration Associates

HealthSpan (OH)

Heritage Provider Network (AZ, CA, NY)

- Affiliated Doctors of Orange County (CA)
- Arizona Priority Care Plus (AZ)
- Bakersfield Family Medical Group (CA)
- California Coastal Physician Network (CA)
- California Desert IPA (CA)
- Desert Oasis Healthcare (CA)
- Greater Covina Medical Group (CA)
- HealthCare Partners IPA (NY)
- Heritage Physician Network (CA)
- Heritage Victor Valley Medical Group (CA)
- High Desert Medical Group (CA)
- Lakeside Community Healthcare (CA)
- Regal Medical Group (CA)
- Sierra Medical Group (CA)

Hill Physicians Medical Group (CA)

Highline Medical Services Organization (WA)

Huntington Medical Foundation (CA)

INOVA (VA)

Iora Health (MA)

John Muir Health (CA)

Kelsey Seybold Medical Group (TX)

Key Medical Group (CA)

Lakeshore Clinic, PLLC (WA)

Mankato Clinic (MN)

Maury Regional Medical Center (TN)

Maverick Medical Group (CA)

MBA-Northern California Physicians Management Group (CA)

The Medical Group of Ohio (OH)

MedPoint Management (CA)

- Bella Vista Medical Group IPA (CA)
- Centinela Valley IPA (CA)
- El Proyecto Del Barrio, Inc. (CA)
- Global Care Medical Group, IPA (CA)
- Health Care LA, IPA (CA)
- Premier Physicians Network (CA)
- Watts Healthcare Corporation (CA)

MemorialCare Medical Group (CA)

Memorial Hermann Physician Network (TX)

Mercy Health (OH, KY)

Michael Honeywell, MD (AL)

Minor and James (MA)

Molina Medical Centers (CA, DC, IL, MI, NM, OH, PR, RI, TX, UT, WA, WI)

Monarch HealthCare (CA)

Mount Sinai Health System (NY)

Mount Sinai Health Partners, IPA (NY)

MSO of Puerto Rico (PR)

- Advantage Medical Group (PR)
- AGUMENT (PR)
- BAM Medical (PR)
- Castellana East (PR)
- Castellana Metro North (PR)
- Castellana Northeast (PR)
- Castellana Sureste (PR)
- Centro de Medicina Prearia Advantage del Norte (PR)
- Comprehensive Geriatric Care San Juan (PR)
- Corporacion Medico Oriental (PR)
- East Coast (PR)
- EME Group (PR)
- Grupo de Advantage de Oeste (PR)
- Grupo de Cuidado Geriatrico Integral (PR)
- Grupo Medico Geriatrico (PR)
- In Salud (PR)
- Island Medical Group (PR)
- OMEGA (PR)
- PAMG (PR)
- Provider Network (PR)
- REMAS (PR)
- Solidarity Medical Group (PR)
- Southern Medical Alliance (PR)

NAMM California (CA)

- Coachella Valley Physicians of PrimeCare, Inc. (CA)
- Mercy Physicians Medical Group (CA)
- Primary Care Associated Medical Group, Inc. (CA)
- PrimeCare Medical Group of Chino, Inc. (CA)
- PrimeCare Medical Network Inc. (CA)
- PrimeCare of Citrus Valley, Inc. (CA)
- PrimeCare of Corona, Inc. (CA)
- PrimeCare of Hemet Valley, Inc. (CA)
- PrimeCare of Inland Valley, Inc. (CA)
- PrimeCare of Moreno Valley, Inc. (CA)
- PrimeCare of Redlands, Inc. (CA)
- PrimeCare of Riverside, Inc. (CA)
- PrimeCare of San Bernardino, Inc. (CA)
- PrimeCare of Sun City, Inc. (CA)
- PrimeCare of Temecula, Inc. (CA)
- Redlands Family Practice Medical Group, Inc. (CA)

New England Quality Care Alliance (MA)

New Health Collaborative (OH)

New West Physicians, PC (CO)

Noble AMA IPA (CA)

North Alabama Medical Associates (AL)

Northwest Physicians Network (WA)

Oakland Physician Network Services (MI)

Physicians Data Trust (CA)

- Noble AMA IPA (CA)
- Greater Tri-Cities IPA (CA)
- St. Vincent IPA (CA)

Physician Health Partners (CO)

Physicians Medical Group of Santa Cruz (CA)

Physician Partners (FL)

Physicians of Southwest Washington (WA)

Pinnacle Physicians Group, LLC (PA)

Pioneer Medical Group (CA)

Preferred IPA of California (CA)

Primary Care of St. Louis (MO)

Primary Health Care Specialist (IL)

ProHealth (NY)

Prospect Medical Group (CA)

- AMVI/Prospect Health Network (CA)
- Gateway Medical Group (CA)
- Genesis Healthcare (CA)
- Nuestra Familia Medical Group (CA)
- Pacific Healthcare IPA (CA)
- Prospect Corona (CA)
- Prospect HealthSource (CA)
- Prospect Huntington Beach (CA)
- Prospect Northwest Orange County (CA)

- Prospect Orange County (CA)
- Prospect Professional Care (CA)
- Prospect Van Nuys (CA)

Provident Healthcare (CO)

Rainier Health Network (WA)

Renaissance Physician Organization (TX)

RGV ACO Health Providers, LLC (TX)

Rising Sun Family Practice (PA)

Riverside Medical Clinic (CA)

Rowe Medical Center (AL)

St. Anthony's Physician Organization (MO)

St. Joseph Heritage Healthcare (CA)

- Hoag Medical Group (CA)
- Mission Heritage Medical Group (CA)
- St. Mary High Desert Medical Group (CA)

St. Jude Heritage Medical Group (CA)

St. Thomas Medical Group (TN)

San Bernardino Medical Group (CA)

Sansum Clinic (CA)

Santa Clara County IPA (SCCIPA) (CA)

Sante Health (CA)

Scripps Coastal Medical Group (CA)

Selma Doctors Clinic, PC (AL)

Sharp Community Medical Group (CA)

- Arch Health Partners (CA)
- Graybill Medical Group (CA)

Sharp Rees-Stealy Medical Group (CA)

Shore Physicians Group (NJ)

Sierra Medical Group (CA)

Southern California Physicians Managed Care Services (CA)

South Side Comprehensive Medical Group (MO)

Summa Health System (OH)

Summit Medical Group (NJ)

Sunrise Health Care PC (CO)

Sutter Health Foundations & Affiliated Groups (CA)

- Central Valley Medical Group (CA)
- East Bay Physicians Medical Group (CA)
- Gould Medical Group (CA)
- Marin Headlands Medical Group (CA)
- Mills-Peninsula Medical Group (CA)
- Palo Alto Foundation Medical Group (CA)
- Palo Alto Medical Foundation (CA)
- Peninsula Medical Clinic (CA)
- Physician Foundation Medical Associates (CA)
- Sutter East Bay Medical Foundation (CA)
- Sutter Gould Medical Foundation (CA)
- Sutter Independent Physicians (CA)

- Sutter Medical Foundation (CA)
- Sutter Medical Group (CA)
- Sutter Medical Group of the Redwoods (CA)
- Sutter North Medical Group (CA)
- Sutter Pacific Medical Foundation (CA)

Swedish Medical Group (WA)

Synergy Healthcare (TN)

Synermed (CA, GA)

- Alpha Care Medical Group (CA)
- Angeles IPA (CA)
- Crown City Medical Group (CA)
- EHS Inland Valleys IPA (CA)
- EHS Medical Group - Central Valley (CA)
- EHS Medical Group - Los Angeles (CA)
- EHS Medical Group – Sacramento (CA)
- Employee Health Systems (CA)
- MultiCultural IPA (CA)

Tabor-Adams Internal Medicine (PA)

Temple University Health System (PA)

Thomas Pineda, MD (AL)

Torrance Hospital IPA (CA)

UCLA Faculty Practice Group and Medical Group (CA)

University of Chicago (IL)

University Physicians Group, PC, Staten Island University Hospital (NY)

Valley Internal Medicine (AL)

Valley Organized Physicians (TX)

The Vancouver Clinic (WA)

Virginia Mason (WA)

WellMed Medical Group (TX, FL)

William O. Sergeant, MD (AL)

Willie Williams, MD (AL)

Wybenga Family Healthcare (AL)