

CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA

THOMAS J. DONOHUE  
PRESIDENT AND  
CHIEF EXECUTIVE OFFICER

1615 H STREET, N.W.  
WASHINGTON, DC 20062-2000

August 26, 2014

The Honorable Sylvia Burwell  
Secretary, U.S. Department of  
Health and Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Secretary Burwell:

The U.S. Chamber of Commerce is monitoring various discrete state and provider pilot programs and initiatives for Medicare and Medicaid that rein in spending, improve quality care, and facilitate greater coordination and integration of services. As we all know, run-away entitlement spending is a serious challenge that impacts our country's economy, citizens, and global financial leadership role in the world. If we fail to reform programs like Medicare and Medicaid, they will consume nearly every dollar the government collects and there will be little money left over to improve our schools, defend our country, clean our environment, or repair our roads and bridges. Therefore, for many reasons, the U.S. Chamber of Commerce is committed to both raising the public's awareness regarding the level of spending within these entitlements and reforming them in sustainable ways.

In addition to the alarming fiscal concerns, Medicare and Medicaid spending is also significantly affecting our shared goal of meaningful health reform. Given the substantial and growing share of health care costs paid by Medicare and Medicaid, the benefits and reimbursement methods of these entitlements impact the way health care is delivered for all Americans—and they need real reforms now, especially Medicaid.

While payment reforms and incentives to lower costs are advancing in the private sector, many of these initiatives are not incorporated in traditional Medicare and Medicaid. As in the private health care sphere, unnecessary health care costs paid

by Medicare and Medicaid must be curbed and providers must be encouraged to improve the way they deliver high-quality care to patients.

For example, moving away from fee-for-service is already happening in the private sector and within Medicare and Medicaid in some regions with the growth of Accountable Care Organizations (“ACOs”) in Medicare and the use of high deductible health plans (“HDHPs”) in states’ Medicaid programs. However, more needs to be done to change how Medicaid reimburses providers if we are to curb spending. It is imperative that alternatives to fee-for-service reimbursement be pursued as soon as possible.

Notably, several states have incorporated private sector innovations, like consumer driven health plans, in their Medicaid programs. Over time, these HDHP programs have produced demonstrable results by encouraging individuals to take responsibility for their own health through the offering of incentives to use health care resources wisely and efficiently. Such programs are critical to our collective efforts to slow the growth of health care costs. We urge you to foster such private sector innovations within states’ Medicaid programs as they continue to address the needs associated with providing care to this unique population.

Further, as you review different Medicaid waiver proposals or renewals, we urge you to encourage new opportunities to adopt transformative payment models including ACO models, as well as other private market-based Medicaid reforms that shift providers away from fee-for-service. The implementation of a Medicaid ACO can deliver better, more efficient integrated care to Medicaid beneficiaries. Moreover, benefit design and provider reimbursement reforms will empower Medicaid beneficiaries to take charge of their health and be health conscious consumers. These concepts are thriving in the private health care space and should be adopted under Medicaid as soon as possible if we are to successfully mitigate the rate of entitlement spending. Not only will we continue to follow and consult with our partners and members on state and provider-led efforts, but we look forward to working with you to advance meaningful change based on private sector solutions.

On a separate matter, I want to extend a formal invitation to an appropriate CMS leader to attend our fourth Health Care Solutions event on Friday, September 26. As you may know, in June 2013, we released a report—“Health Care Solutions from America’s Business Community: The Path Forward for U.S. Health Reform”—and have continued to host events on each of the four chapters as we seek actionable

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reforms for our health care system. As part of this series, we were honored to have Sean Cavanaugh deliver a keynote during the event highlighting the report's second chapter on May 9, 2014, and appreciated his discussion about the importance of providers taking clinical, as well as financial responsibilities for beneficiaries—a concept we fully support.

Thank you for your attention to this matter. If you have any questions or would like to discuss further, please contact me directly, or have a member of your staff contact Randy Johnson, Senior Vice President, Labor, Immigration, & Employee Benefits, at (202) 463-5448. My staff will also follow-up regarding the participation of an appropriate CMS official in our September 26 event regarding Medicare and Medicaid reform.

Best wishes.

~~Sincerely,~~



Thomas J. Donohue

cc: Ms. Cindy Mann