

**Two Letters to Trump from Healthcare Leaders –  
 Continue Focus on Value-Based Payment**

In December 2016 and January 2017, over 100 leading healthcare organizations sent two letters to President Donald Trump and Vice President Michael Pence lobbying the Trump Administration to continue the shift in healthcare reimbursement from *volume-based* to *value-based* payment models.<sup>1</sup> In 2015, the *Centers for Medicare and Medicaid Services* (CMS) stated its goal of transitioning 85 percent of all traditional Medicare payments, e.g., *fee-for-service* (FFS) payments, toward quality or value-based reimbursement models by 2016, with their goal increasing to 90 percent by 2018.<sup>2</sup> To meet this goal, CMS has created numerous initiatives that seek to transition healthcare reimbursement to value-based models, with these programs affecting physicians, hospitals, and other providers along the continuum of care. This expansion of the number and scope of value-based reimbursement programs following the 2010 passage of the *Patient Protection and Affordable Care Act* (ACA) is in keeping with the national strategy regarding healthcare reimbursement in the landmark legislation; most notably the fourth priority established by the ACA, i.e., to “...improve Federal payment policy to emphasize quality and efficiency...”<sup>3</sup> However, in light of the criticism of many in the Trump Administration toward value-based reimbursement models, most notably Dr. Tom Price, the Secretary of the *U.S. Department of Health and Human Services* (HHS), many healthcare delivery organizations felt compelled to advocate for continued focus on implementing such payment systems, and acted by sending the above letters to the incoming administration. This *Health Capital Topics* article will summarize the contents of the two letters received by the Trump Administration, and discuss how this advocacy fits into the current uncertainty surrounding healthcare reform.

The January 25<sup>th</sup> letter, sent “[o]n behalf of the nation’s leading clinicians, employers, hospitals, biopharmaceutical companies, pharmacists, patients, consumer groups and insurance providers”, outlined ten principles of *value-based care*, to wit:

- (1) “Empower and engage patients to make healthcare decisions with information and support from their healthcare team”;
- (2) “Invest in engaging patients in the development of measures of provider performance that are relevant to them and

*consistently and transparently reported by all public and private payers”;*

- (3) “Improve clinician and provider access to timely, accurate and complete claims data to better facilitate care management”;
- (4) “Recognize that the socioeconomic status of many patients creates challenges in providing care, and adjust payments to providers as appropriate”;
- (5) “Design voluntary payment models that incent greater participation and achieve the highest quality and cost value based on patient choice and competitive markets”;
- (6) “Expand the use of waivers from fee-for-service legal and regulatory requirements that impede collaboration and shared accountability, while preserving consumer protections and safeguards against fraud”;
- (7) “Build on and expand payment models that promote collaborative financial and care coordination arrangements using incentives that align payers, healthcare providers, providers of long-term care services and clinicians”;
- (8) “Appropriately incent access to medical innovations and treatments that hold the potential to improve quality of care and reduce overall system cost”;
- (9) “Promote public and private investment in the transparent, evidence-based testing and scaling of new alternative payment models as directed in MACRA [Medicare Access and CHIP Reauthorization Act] so that clinicians, other healthcare providers and payers can learn how payment models work and evolve in the clinical setting”;
- (10) “Ensure alignment between private and public sector programs, which is critical to a sustainable value-based payment marketplace.”<sup>4</sup>

The 122 signatories to the January 25, 2017 letter included organizations from various healthcare industry subsectors, such as hospitals, pharmaceutical companies,

insurers, and physician and outpatient provider organizations, among them:

- (1) American Academies of Cardiology, Family Physicians, Nursing, Otolaryngology, Pediatrics, and Physical Medicine and Rehabilitation;
- (2) American Colleges of Clinical Pharmacy, Physicians, and Surgeons;
- (3) American Hospital, Medical, Osteopathic, Medical Group, and Pharmacists Associations;
- (4) American Societies of Anesthesiologists, Health-System Pharmacists, and Radiation Oncology;
- (5) Anthem, Inc.;
- (6) Association of American Medical Colleges;
- (7) Cleveland Clinic;
- (8) Johnson & Johnson, Inc.;
- (9) Merck & Co., Inc.;
- (10) National Physicians Alliance;
- (11) National Rural Health Association;
- (12) Pfizer, Inc.; and,
- (13) Sanofi.<sup>5</sup>

This letter followed the December 6, 2016, communication from the *Health Care Transformation Task Force* (Task Force) to then President-Elect Donald Trump, Vice President-Elect Michael Pence, HHS Secretary-Designate Dr. Tom Price, CMS Administrator-Designate Seema Verma, MPH, and congressional leaders.<sup>6</sup> The Task Force (which was also a signatory of the January 25<sup>th</sup> letter) is a consortium of 43 member institutions, comprised of health systems, health insurers, and representatives for patients and employer organizations, which have committed to moving 75 percent of their business to value-based models by 2020.<sup>7</sup> The December 6<sup>th</sup> letter urged the incoming administration to:

- (1) “[R]edouble efforts” to shift healthcare reimbursement from *volume-based* to *value-based* care;
- (2) Ensure that repealing and replacing the ACA does not push value-based payment

regulations, such as MACRA, from the political agenda;

- (3) Not dismantle the *Center for Medicare and Medicaid Innovation* (CMMI) as a platform for testing innovative payment models; and,
- (4) “[E]xpress their support for payment reform and value-based healthcare,” asserting that “[t]his is not the time for policymakers to waver or reverse course.”

The impact that this lobbying effort may have on the Trump Administration’s approach to addressing this healthcare reimbursement trend remains to be seen. Both the December 6, 2016 and January 25, 2017 letters indicate a strong push from healthcare industry leaders from a spectrum of healthcare industry stakeholders, including inpatient, outpatient, and hospital providers; physician groups; insurers; and, pharmaceutical and supply-side companies, to continue the paradigm shift in the healthcare reimbursement environment, from *volume-based* payments to *value-based* payments. However, on March 21, 2017, HHS released a final rule delaying the effective date of its January 3, 2017 rule relating to: (1) the creation of new *episode payment models* (EPMs) for acute myocardial infarction, coronary artery bypass graft, and surgical hip/femur fracture repairs; (2) the creation of an incentive program for cardiac rehabilitation treatments; and, (3) the modification of the *Comprehensive Care for Joint Replacement* (CJR) Model.<sup>8</sup> The rule, which delays the implementation of the new EPMs and the CJR modifications until October 1, 2017, may reflect the implementation of a more critical approach to value-based reimbursement programs that mirrors the views of HHS Secretary Dr. Tom Price, a vocal critic of *value-based* reimbursement programs, in particular bundled payment programs originating from the CMMI.<sup>9</sup> Further, although the Republican plan to repeal the ACA that was released on March 6, 2017 (and later withdrawn before a vote was taken in the U.S. House of Representatives) does not directly address the implementation of many *value-based* reimbursement models, provisions related to this topic may appear in subsequent revisions of the bill.<sup>10</sup>

1 A version of this *Health Capital Topics* article was published by the American Health Lawyers Association in an e-mail alert dated March 14, 2017, entitled “*Health Care Leaders Advocate for Continued Focus on Value.*”

2 “Better, Smarter, Healthier: In historic announcement, HHS sets clear goals and timeline for shifting Medicare reimbursements from volume to value” HHS Press Office, U.S. Department of Health and Human Services, January 26, 2015, <http://www.hhs.gov/about/news/2015/01/26/better-smarter-healthier-in-historic-announcement-hhs-sets-clear-goals-and-timeline-for-shifting-medicare-reimbursements-from-volume-to-value.html> (Accessed 5/11/2016).

3 “Patient Protection and Affordable Care Act” Pub. L. No. 111-148, § 3022, 124 Stat. 119, 395 (March 23, 2010).

4 “Letter from 122 Healthcare Organizations” By Advocate Health Care, et al., Letter to The Hon. Donald J. Trump & The Hon. Michael R. Pence, January 25, 2017, [https://www.premierinc.com/wp-](https://www.premierinc.com/wp-content/uploads/2017/01/Jan-25-letter1-24-17-Administration.pdf)

[content/uploads/2017/01/Jan-25-letter1-24-17-Administration.pdf](https://www.premierinc.com/wp-content/uploads/2017/01/Jan-25-letter1-24-17-Administration.pdf) (Accessed 3/3/17).

5 “Industry Leaders Implore White House to Maintain Focus on Value” *Value-Based Payment News*, Vol. 2, No. 3 (February First Edition 2017), p. 1.

6 “Healthcare leaders want Trump to continue focus on value-based care” By Shannon Muchmore, *Modern Healthcare*, (Dec. 7, 2016), <http://www.modernhealthcare.com/article/20161207/NEWS/161209937> (Accessed 3/3/17).

7 “Letter from the Health Care Transformation Task Force” By Lee Sacks, et al., Letter to The Hon. Donald Trump, et al., Dec. 6, 2016.

8 “Medicare Program; Advancing Care Coordination Through Episode Payment Models (EPMs); Cardiac Rehabilitation Incentive Payment Model; and Changes to the Comprehensive Care for Joint Replacement Model; Delay of Effective Date” *Federal Register*, Vol. 82, No. 52 (March 21, 2017) p. 14465.

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- 9 “As Trump's HHS Secretary, Tom Price Could Slow Shift To Value-Based Care” By Bruce Jaspens, Forbes (November 29, 2016), <http://www.forbes.com/sites/brucejapsen/2016/11/29/as-trumps-hhs-secretary-tom-price-could-slow-shift-to-value-based-care/#2fdb94ef96f1> (Accessed 1/16/17).
- 10 “Budget Reconciliation Legislative Recommendations Relating to Repeal and Replace of the Patient Protection and Affordable Care Act” Committee on Energy and Commerce, U.S. House of Representatives, March 6, 2017, <http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/documents/AmericanHealthCareAct.pdf> (Accessed 3/6/17).





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