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June 20, 2018

Congressman Mike Kelly  
United States House of Representatives  
1707 Longworth House Office Building  
Washington, DC 20515

Congressman Ron Kind  
United States House of Representatives  
1502 Longworth House Office Building  
Washington, DC 20515

Dear Congressmen Kelly & Kind:

The National Committee for Quality Assurance (NCQA) strongly supports your legislation, HR 4952, directing the Secretary of Health & Human Services (HHS) to study and report on including quality incentive payments in determining Medicare Advantage (MA) benchmarks. We agree that HHS' policy of including quality incentive payments when calculating benchmarks undermines the goal of delivering high-quality care, as Congress intended.

MA plans have made substantial progress on improving both quality and costs since Congress instructed HHS to provide bonuses and higher rebates as an incentive to reward high-quality plans. These bonuses and higher rebates encourage plans to improve both quality and the enrollee's experience of care. They also let high quality plans provide lower costs and better benefit packages that help attract enrollees.

Results are clear:

- The number of highly rated 4-5 Star plans rose from 31% when the policy took effect in 2012 to 44% now in 2018.
- Nearly three quarters of all Medicare Advantage enrollees in high-quality plans and MA plans now enroll over one third of all Medicare beneficiaries.
- Enrollee premiums dropped 6%, while plan payments vs. traditional Medicare declined from 114% to 101%, with the difference now largely from quality payments.

However, some of the highest performing plans are not getting these incentive payments. This is because HHS includes the quality incentive payments when determining county-level payment benchmarks based, in part, on local traditional Medicare fee-for-service costs. The statute for setting these benchmarks says they cannot exceed the amount they would have been under previous methodology. By including quality payments in the calculations, HHS triggers this cap in counties with low fee-for-service costs and/or regions with many high-quality plans.

HHS' statutory interpretation is harming the MA program and Medicare beneficiaries:

- Many high-quality plans are not getting rewards they have worked hard to earn.
- These high-quality plans cannot offer better costs and benefits to attract more enrollees, as Congress clearly intended.

Requiring HHS to study and publicly report on this problematic situation can help clarify the full impact of HHS' interpretation of the law and best options for rectifying it.

We thank you for your leadership on this important issue and look forward to working with you so that all Medicare enrollees, wherever they live, can access higher quality and better costs and benefits as Congress intended.



If you have questions, please contact Paul Cotton, Director of Federal Affairs, at [cotton@ncqa.org](mailto:cotton@ncqa.org) or (202) 955-5162.

Sincerely,

A handwritten signature in black ink, appearing to read 'Margaret O'Kane'. The signature is fluid and cursive, with a large loop at the end of the last name.

Margaret O'Kane,  
President