



Richard J. Fiesta, Chair

The Honorable Lamar Alexander
Chairman, Senate HELP Committee
Washington, DC 20515

The Honorable Patty Murray
Ranking Member, Senate HELP Committee
Washington, DC 20515

SUBMITTED ELECTRONICALLY via LowerHealthCareCosts@help.senate.gov

March 1, 2019

Dear Chairman Alexander, Ranking Member Murray, and other members of the Senate Health, Education, Labor & Pensions (HELP) Committee:

The Leadership Council of Aging Organizations (LCAO) is a coalition of 69 national nonprofit organizations concerned with the well-being of America's older population and committed to representing their interests in the policy-making arena. LCAO serves as a source of information about issues affecting older adults and provides leadership and vision as America meets the challenges and opportunities presented by our aging society. Our organizations have expertise in health care, economic security, nutrition and food security, housing, and other issues facing older adults and people with disabilities, and are committed to advancing public health and promoting access to affordable medicines to keep these populations healthy and improve their well-being and the well-being of their families.

The coalition shares a commitment to advancing the health and economic security of the 60 million Americans with Medicare.¹ We agree with the need to address high and rising health care costs, and appreciate the opportunity to recommend policy solutions.

As advocates for older adults, people with disabilities, and their families, we urge you to prioritize beneficiary needs and well-being in this and all efforts to improve affordability. Person and family-centered approaches that optimize the health of the individual and the community should be the primary drivers of any reforms, and approaches that threaten to undermine beneficiary access should be rejected. Below, we outline opportunities to achieve these goals by strengthening the Medicare program.

Specifically, our recommendations that follow would **Improve Access to Affordable Care and Address Social Determinants of Health; Provide Enrollment Assistance; Limit Out-of-Pocket Expenses for Medicare Beneficiaries; and Enhance Transparency and Oversight. Implementing these policies** would lower health care costs by reducing the physical, financial, and coverage burdens beneficiaries and their

¹ Kaiser Family Foundation, "An Overview of Medicare" (February 13, 2019), <https://www.kff.org/medicare/issue-brief/an-overview-of-medicare/>.

families often face, as well as by streamlining the program and ensuring timely beneficiary access to cost-effective and appropriate care.

While we recognize that not all of the following proposals are within the jurisdiction of the HELP Committee, they are nevertheless critical to achieving meaningful, system-wide advances, and are grounded in our experience serving and advocating for older adults and people with disabilities who need affordable, high-quality care. Accordingly, we respectfully submit these strategies for your consideration as you work with your colleagues to develop a comprehensive approach to lowering health care costs.

Improve Access to Affordable Care and Address Social Determinants of Health

Medicare can reduce costs and improve health outcomes by better managing conditions and preventing expensive illnesses through addressing social determinants of health and risk factors. For example, a recent study² revealed that improved cardiovascular preventive care has reduced Medicare spending significantly through increased treatment for high blood pressure and hypertension. The following recommendations seek to ensure beneficiaries can access and afford needed and cost-effective treatment, including preventive care.

- **Expand Independence at Home.** The Independence at Home Demonstration tests a service delivery and payment incentive model that has successfully used home-based primary care teams to improve health outcomes and reduce expenditures for Medicare beneficiaries with multiple chronic conditions. This program should be expanded beyond the current 13 sites into a national program.
- **Improve Access to Providers and Telehealth through National Licensing or Certification.** A national licensing and scope of practice standard for all hands-on health care providers would substantially reduce administrative costs within the entire health care system and facilitate the transport of health care expertise among the states, including through telehealth.
- **Extend Supplemental Benefits to Original Medicare.** Social determinants of health are conditions in the environments in which people are born, live, learn, work, play, worship, and age that affect a wide range of health, functioning, and quality-of-life outcomes and risks. The ability to offer enhanced supplemental benefits in Medicare Advantage is an important step toward addressing social determinants of health in Medicare, but it excludes the majority of beneficiaries—those who receive coverage through Original Medicare and those who are not eligible for these supplemental benefits through their Medicare Advantage plan.
- **Cover Oral Health Care.** Most Medicare beneficiaries do not have access to Medicare benefits that cover comprehensive oral health care. This can result in poorer outcomes and increased spending caused by untreated oral infections that spread to other parts of the body, decay and tooth loss, and compounded nutritional problems. A comprehensive oral health benefit should be added to Medicare Part B, including both preventive and restorative care, to ensure every Medicare beneficiary has access.

² Harvard University. "Spending dips on health care for the Medicare elderly: Improvements in cardiovascular care for elderly save billions in health care costs," ScienceDaily, (February 4, 2019), <https://www.sciencedaily.com/releases/2019/02/190204172240.htm>

- **Cover Vision and Hearing Care.** The absence of meaningful coverage for these basic health needs represents a stark gap in coverage for older adults and people with disabilities. Congress should add standardized vision and hearing benefits to Original Medicare and Medicare Advantage plans.
- **Cover Adult Day Health Care.** The Genworth annual cost of care survey³ consistently ranks adult day health care as far less costly than institutional care and the least costly among home and community-based services for providing care to individuals who need assistance with two or more activities of daily living (ADL). The Centers for Medicare and Medicaid Services (CMS) has touted the ability of Medicare Advantage plans to cover adult day services,⁴ but coverage is not available to the two-thirds of beneficiaries Original Medicare and without making coverage mandatory, it is unlikely every Medicare Advantage plan will cover it. Congress should add adult day services as a standard benefit in Original Medicare and Medicare Advantage plans.
- **Provide Coverage for More Home Health and Long-term Care Services.** Medicare should adapt to meet growing long-term services and supports (LTSS) needs by expanding coverage for services that allow beneficiaries to remain in their homes and communities as they age. Expanding Medicare coverage in this way would both support and improve transitions to Medicaid home and community based services (HCBS). This includes increasing access to care choices by eliminating the requirement that Medicare beneficiaries must need skilled care and be homebound to qualify for home health coverage, eliminating the “use in the home” limitation on Medicare DME, and making Medicaid Money Follows the Person program and Medicaid spousal impoverishment protections for HCBS permanent.
- **Eliminate the Observation Status Penalty.** Medicare beneficiaries who need post-hospital care in a skilled nursing facility (SNF) may be forced to pay out-of-pocket for this care when the hospital chooses to assign them to “observation status” instead of admitting them as an inpatient. Congress should eliminate the three-day hospital stay requirement, and all days in the hospital should count toward coverage for needed SNF care.
- **Ensure Parity between Original Medicare and Medicare Advantage.** Congress should ensure equity between MA and Original Medicare, including both the scope of services provided and programmatic spending. This includes guaranteeing equal access to all services, such as supplemental benefits, implementing reforms that will eliminate overpayments to MA plans, and halting abuses of patient categorization rules—known as “upcoding”—that some MA plans engage in to secure unacceptably high payments.
- **Establish Mental Health Parity in Medicare.** Medicare does not have a requirement for equal treatment of mental health conditions and substance use disorders. For instance, Medicare caps coverage for care at inpatient psychiatric hospitals at 190 days over a beneficiary’s lifetime. This same cap does not apply for inpatient psychiatric care received at non-specialized facilities, or for non-psychiatric care. Congress should do away with this arbitrary, outdated cap on access to inpatient care at psychiatric hospitals. In addition, Congress should ensure the full range of providers of mental health services are eligible for Medicare reimbursement so that beneficiaries have access to these critical services and avoid costly inpatient treatment.

³ Genworth, “Cost of Care Survey 2018” (October 10, 2018), <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>.

⁴ Centers for Medicare & Medicaid Services, “Medicare Advantage premiums continue to decline while plan choices and benefits increase in 2019” (September 28, 2018), <https://www.cms.gov/newsroom/press-releases/medicare-advantage-premiums-continue-decline-while-plan-choices-and-benefits-increase-2019>.

Provide Enrollment Assistance

Medicare beneficiaries often lack access to the tools and information they need to make optimal coverage choices. Many are confused about how and when to enroll in Medicare due to the program's complex coordination of benefits rules and the overwhelming number of choices they must make. The proliferation of [new plan flexibilities](#) and benefit options in recent years only exacerbates this problem. Mistakes in initial enrollment can lead to lifetime penalties and coverage gaps, while choosing the wrong plan can result in high out-of-pocket expenses and losing access to trusted providers.

- **Pass the BENES Act.** Complex Medicare enrollment rules and lack of federal notification cause far too many older adults and people with disabilities to make costly enrollment errors, which can result in lifetime penalties, coverage gaps, and other harmful consequences. The Beneficiary Enrollment Notification and Eligibility Simplification (BENES) Act would help prevent these errors in part by filling a long-standing gap in education for individuals approaching Medicare eligibility and by simplifying enrollment timelines.
- **Improve Medicare Plan Finder.** Plan Finder is Medicare's primary online decision-making tool, but it currently lacks information about Medigaps, expanded supplemental benefits, and provider networks. In addition, the tool is complicated and difficult for many beneficiaries to navigate. Congress must work with CMS to ensure this tool is accurate and maximally useful to people with Medicare and those assisting them with coverage decisions.
- **Adequately Fund SHIPs.** Medicare State Health Insurance Program (SHIP) counselors provide one-on-one, unbiased, personalized counseling to Medicare beneficiaries, helping them understand their rights and coverage choices to ensure they are in the best option for their individual circumstances. Congress must adequately fund the program so it is best positioned to meet current and future needs.
- **Make Medicare Outreach and Low-Income Programs Permanent.** The Medicare Improvements for Patients and Providers Act (MIPPA) provides targeted funding for SHIPs, Area Agencies on Aging (AAAs), and Aging and Disability Resource Centers (ADRCs) to conduct outreach and enrollment of low-income Medicare beneficiaries into the Part D Low Income Subsidy (LIS/Extra Help) and the Medicare Savings Programs (MSPs), and to promote utilization of Medicare's preventive services. Set to expire on October 1, 2019, Congress should make these important activities permanent.

Limit Out-of-Pocket Expenses for Medicare Beneficiaries

With nearly half of all Medicare beneficiaries living on annual incomes of \$26,200 or less, and one quarter living on \$15,250 or less, it is not surprising that one of the primary barriers to treatment adherence is cost.⁵ For many beneficiaries, treatments with high out-of-pocket expenses may be out of reach. This may force the beneficiary to decline care at the risk of their health, which can lead to worse outcomes and more expensive interventions later. Beneficiaries may also be forced to spend down to Medicaid levels to access needed care, losing all financial stability.

⁵ Kaiser Family Foundation, "An Overview of Medicare" (February 13, 2019), <https://www.kff.org/medicare/issue-brief/an-overview-of-medicare/>.

- **Establish Affordable Out-of-Pocket Caps in Original Medicare, Medicare Advantage, and Part D.** Original Medicare and Part D have no out-of-pocket maximums, exposing beneficiaries to limitless financial risk. While MA plans do include an out-of-pocket maximum in their benefit packages, these limits are too high—permitting costs up to [\\$6,700 in 2019](#). Congress should establish a lower, standardized, and affordable out-of-pocket maximum for Original Medicare and Medicare Advantage. In addition, Congress should establish an affordable out-of-pocket maximum for Part D.
- **Ease Access to Medicare Low-income Assistance Programs.** These programs help beneficiaries living on very limited fixed incomes access treatment and services without compromising their well-being by having to forgo other care or basic necessities. Unfortunately they are greatly underutilized, in part because beneficiaries do not know about them and because they have separate and complicated eligibility criteria. Therefore, to ensure all low-income beneficiaries can access medications and services when needed, Congress should eliminate (or ease) the asset tests for Medicare low-income assistance programs (Medicare Savings Programs and Part D’s Extra Help); align these income tests; and integrate the programs’ application processes, qualifying criteria, and administration.
- **Extend Medigap Protections for Open Enrollment, Guaranteed Issue, and Community Rating for All People with Medicare.** Medigaps provide important help covering medical expenses for many people with Original Medicare, but not everyone is eligible to buy the plans, and those who are face restrictive enrollment periods. All Medicare beneficiaries should be allowed to make a choice about the Medigap coverage best suited to their needs each year.
- **Reduce or Eliminate the Part B Lifetime Late Enrollment Penalty.** Designed to encourage enrollment when first eligible, the late enrollment penalty (LEP) is also imposed on those who simply make a mistake. Congress should enact policies to reduce or eliminate lifetime premium penalties for beneficiaries who were misinformed or uninformed about Medicare enrollment rules.

Enhance Transparency and Oversight

Medicare may be overpaying for drugs and services because of a lack of transparency and robust oversight. This increases costs for beneficiaries as well as taxpayers.

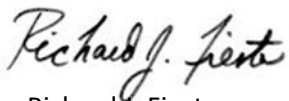
- **Improve Appeals Oversight and Enforcement.** Both Medicare Advantage and Part D prescription drug plans show troubling deficiencies in their appeals processes. Recently, the Office of the Inspector General recommended that CMS enhance oversight of Medicare Advantage contracts, take corrective action, address persistent problems, and improve beneficiary information on serious violations.⁶ Congress should work with CMS to ensure these goals are met.
- **Enhance Prescription Drug Affordability.** Improved pricing transparency and accountability throughout the supply chain may help reduce drug prices. The burden must not fall on consumers, however, to bring down prices. Instead, the transparency must be used by Congress and the Administration to identify bad actors and levers for change. Changes to the current system must be carefully considered and only adopted if they do not threaten to undermine

⁶ Office of Inspector General, “Medicare Advantage Appeal Outcomes and Audit Findings Raise Concerns About Service and Payment Denials,” US Dept of Health and Human Services (September 2018), <https://oig.hhs.gov/oei/reports/oei-09-16-00410.pdf>.

beneficiary protections or access to medications, such as by weakening the protected classes or introducing additional, inappropriate utilization management strategies.

Thank you again for the opportunity to make recommendations on improving health care affordability by strengthening the Medicare program. These proposed policies would reduce beneficiary costs, program costs, or both while emphasizing a strong person-centered approach to the health care system. We can improve the health and financial well-being of individuals, their families, and their communities through thoughtful, commonsense enhancements to the Medicare program.

Sincerely,

A handwritten signature in cursive script that reads "Richard J. Fiesta".

Richard J. Fiesta
Chair