

Congress of the United States
Washington, DC 20515

January 5, 2022

The Honorable Xavier Becerra
Secretary
U.S. Department of Health & Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Secretary Becerra and Administrator Brooks-LaSure,

Thank you for your leadership in strengthening and protecting Medicare, our country's crucial health plan for seniors. We appreciate that you have begun doing this by pausing the Geographic Direct Contracting Model for further review and that you have stopped accepting applications for the Global and Professional Direct Contracting Model for 2022. We write to ask that you take a step further by permanently ending the programs and coordinating the transition of traditional Medicare beneficiaries currently in these programs back into the traditional Medicare model by July 1, 2022.

As you know, the previous administration started Direct Contracting Entities (DCEs), which are privately owned and controlled coverage networks in which for-profit companies are paid monthly to cover beneficiaries' healthcare. Any funds left over after it covers care are kept as profits creating a perverse motive to decrease the quality and volume of seniors' care. These models ultimately aim to privatize traditional Medicare by funneling beneficiaries, without their knowledge, into a DCE. Unfortunately for patients in these entities, DCEs are incentivized to funnel patients to providers within their networks to maximize profits which can limit patients' care options. These models transform the care of a traditional Medicare beneficiary to care typically seen in a private Medicare Advantage (MA) plan despite the fact that the patient chose *not* to enroll in an MA plan.

DCEs pose a threat to patient care and outcomes due to the encroachment of profit-driven organizations on their care. In fact, a majority of the 53 current DCEs are investor owned and controlled. Owners of DCEs include private equity firms and large private health insurance companies.¹ This model disrupts the sanctity of traditionally public Medicare benefits by giving

¹ *Notice of Direct Contracting Entities Participating in Performance Year 2021 of the of the Global and Professional Direct Contracting (GPDC) Model* (Center for Medicare and Medicaid Innovation, 2021).

control of beneficiary care to private interests. In fact, in the original request for proposals for potential DCE contractors, the previous administration mentioned that they specifically wanted “organizations currently operating exclusively in the MA program” to take part in this model.² Further, these models remove some of the protections for beneficiaries under traditional Medicare and according to CMS “include a reduced set of quality measures.”³ Seniors are one of the most vulnerable populations served in healthcare and they need more protections, not less.

The private equity firms and private insurance companies that currently operate or will operate DCEs already take large profits from their other healthcare ventures and will likely do the same from Medicare DCEs at the expense of patient care. For example, MA plans currently use upcoding, or adding extra diagnosis codes to patient charts, to receive more money from the Medicare Trust fund to increase their profits.⁴ This scheme already costs the U.S. government \$10.6 billion per year and with the addition of traditional Medicare beneficiaries into this scheme those costs will almost surely rise. DCEs are projected to spend as low as 60 percent of the taxpayer dollars they receive on care, allowing them to keep up to 40 percent as profit,⁵ further funneling taxpayer dollars into profits, not patient care.

In order to protect Medicare solvency and Medicare beneficiaries, we respectfully request a meeting with you to discuss how to stop the expansion of these Direct Contracting Models and oversee the sunseting of these programs. This is a critical step to ensure Medicare continues to be a public benefit that offers the highest quality care to seniors. We stand ready to work with you to achieve a safe end to Direct Contracting programs in Medicare.

Sincerely,



PRAMILA JAYAPAL

Member of Congress

² *Direct Contracting Model: Global and Professional Options Request for Applications* (Center for Medicare and Medicaid Innovation, 2019), 6.

³ *Global and Professional Direct Contracting (GPDC) Model* (Center for Medicare and Medicaid Innovation, 2021).

⁴ *Reducing Medicare Advantage Overpayments* (Center for a Responsible Federal Budget, 2021), 3.

⁵ Richard Gilfillan, Donald Berwick. *Medicare Advantage, Direct Contracting, and the Medicare Money Machine Part 2: Building on the ACO Model* (Health Affairs, 2021).

/s/
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DONALD S. BEYER JR.
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CORI BUSH
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