

Dec, 8th, 2017

Physician-Focused Payment Model Technical Advisory Committee
C/o U.S. DHHS Asst. Secretary for Planning and Evaluation Office of Health Policy 200
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Dear Committee Members:

Thank you for reviewing the proposal “Medicare 3 Year Value Based Payment (Medicare 3VBPP)”. I appreciate the Preliminary Review Team’s (PRT) time and attention.

Medicare 3VBPP is a highly innovative alternative payment model. I respectfully request the committee give the proposal a thorough evaluation for demonstration.

Medicare 3VBPP is a small-scale demonstration, instead of a broad overhaul of the entire Medicare system. It targets on a small group of physicians and Medicare beneficiaries based on *voluntary participation* under close supervision of Center for Medicare and Medicaid Services (CMS).

Therefore, Medicare 3VBPP fits well within the Advanced Alternative Payment Models (Advanced APM) category as defined by the regulation of the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) for eligible clinicians or patient groups.¹ It is also well within the administrative power of the Secretary of Health and Human Services as regulated by MACRA and the Patient Protection and Affordable Care Act.

The purpose of this proposal is to *test* an innovative payment model that incentivizes physicians and patients to engage in better communication and cooperation on preventive care and chronic disease management, and to better align the financial incentives of the patients and physicians. Therefore, it is *necessary* to launch a demonstration of such financing model that gives the patients more choices than the Medicare advantage (Medicare MA) capitation model for further evidence-based discussion about Medicare reform.

My responses to the four points raised by PRT are listed below:

1. Medicare 3VBPP is indeed an innovative advanced alternative payment model to target a small group of clinicians and patients for pilot and demonstration. Its purpose is to *test* innovative models and evaluate the

¹ <https://www.gpo.gov/fdsys/pkg/FR-2016-11-04/pdf/2016-25240.pdf>

results in the field. Its participation is voluntary. If tested successful, it will lead to further discussion about more general policy modification.

2. Besides guaranteed benefits of the services currently covered by Medicare A,B and D. There are added elements in the package of Medicare benefits available to the beneficiaries in Medicare 3VBPP. These changes are for more choice, better value services and more patients' empowerment. The proposed changes, such as fully covered preventive services and wellness care, and financial reward for participation in wellness care, will enhance the benefit and value of the services provided by traditional Medicare.
3. The combination of expenditure threshold and catastrophic coverage provides the financial protection to guarantee that the proposed copayment and coinsurance will be lower than the traditional Medicare Fee For Service on average. Therefore, if tested successful, the proposed payment model will not only strengthen the status of Medicare as the corner stone of social insurance for the seniors, but also, more importantly, provide stronger and more sustainable financial protection for the seniors by liberating them from the unpredictable out of pocket expenditures on the supplemental insurance.
4. There is no change of Medicare eligibility rules. The proposed *voluntary* postponement of Medicare initiation can only be triggered by the beneficiaries, the choice of initiation age after age 65 gives incentives for the seniors who have other sources of insurance to tap into Medicare on their own pace. If tested effective, such mechanism will inspire more discussion about more responsible and financially savvy retirement planning policy.

Last, I welcome constructive ideas regarding the technical elements of this proposal from the committee members.

Best Regards,

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