

Congress of the United States
Washington, DC 20515

June 4, 2013

Ms. Marilyn Tavenner
Administrator
Center for Medicare & Medicaid Services
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Ms. Tavenner

We appreciate the continued dialogue with you and your staff regarding the California demonstration for dually eligible beneficiaries. Since the Memorandum of Understanding (MOU) has been signed between the Centers for Medicare & Medicaid Services (CMS) and the State, we have heard from numerous constituents in Los Angeles (LA) County expressing concerns and offering suggestions to best ensure implementation runs smoothly. We are writing to offer our reflections and perspectives on these issues.

While we appreciate that the MOU delays the implementation of the demonstration in Los Angeles County, we remain concerned that the timeframe and scope are not conducive to a seamless transition for beneficiaries. We are hearing from both provider and beneficiary groups that the provider networks will not yet be ready to handle the influx of a quarter of a million vulnerable individuals. Even with the delayed implementation, we do not believe that there will be sufficient time to educate beneficiaries and their caretakers, as well as current providers about the changes. In addition, the county is already experiencing enormous changes to the health care system with the critical rollout of the Affordable Care Act and the shifting of 875,000 children from California Healthy Families Program to MediCal. While the state has delayed implementation until after the start of the new year, given the challenges of educating beneficiaries coupled with the changes occurring in the marketplace with the implementation of the Affordable Care Act, we believe further delay is warranted.

Concerns about network adequacy and readiness frequently come up in our conversations with beneficiary advocates and providers. For example, not long after HealthNet was awarded a contract to cover the dually eligible beneficiaries in LA County, the company dropped a large provider from its network. Hospitals and physician organizations have also expressed deep concerns about contracting and the readiness of HealthNet and other healthcare systems. If the point of these demonstrations is to improve outcomes for beneficiaries, it is critical that we have strong networks. We urge CMS to carefully monitor how health plans are setting up provider networks to ensure they meet beneficiary needs and that providers in those networks understand what interventions are expected to improve health outcomes for the dual eligible population.

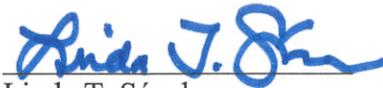
We are pleased to see that CMS has required limited continuity of care for patients with pre-existing physician relationships. However, given the volume of patients that will be brought into the demonstration, we are concerned that system capacity is insufficient to ensure each

beneficiary is given a needs assessment to manage care within the first year. We strongly urge CMS to ensure the state has a concrete plan in place for having beneficiary assessments performed and sufficient providers for this to occur. Additionally, it seems unlikely that plans will be able to do care management, a central tenet of these demonstrations, without actually assessing the needs of the enrolled population.

Lastly, we continue to hear concerns about how CMS and the State of California have arrived at their savings rate calculations. We share the concerns of provider and patient advocacy groups that such overly ambitious and arbitrary savings targets will simply encourage plans to pare down care, rather than providing beneficiaries with the complete array of services that they will need. We are very concerned that, in the effort to create savings, patients could be denied access to quality care, including care at teaching hospitals in order to skirt the need to pay medical education and disproportionate share costs. We do not believe enough information has been made available about how the savings rates were calculated and whether patients and providers in LA County can reasonably be expected to improve the quality of care for dual eligible beneficiaries under those rates.

We appreciate your attention to these issues and look forward to continuing the dialogue on this demonstration with your office and the State.

Sincerely,



Linda T. Sánchez
Member of Congress



Henry A. Waxman
Member of Congress



Xavier Becerra
Member of Congress



Grace Napolitano
Member of Congress



Tony Cárdenas
Member of Congress



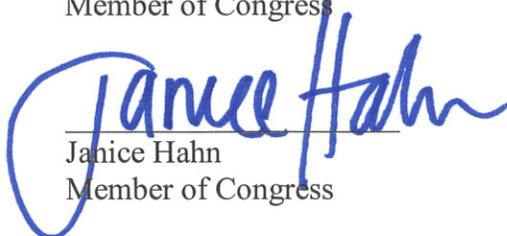
Lucille Roybal Allard
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Alan Lowenthal
Member of Congress



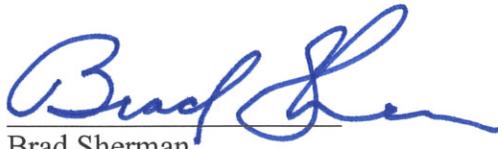
Gloria Negrete McLeod
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Adam Schiff
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CC: Honorable Edmund G. Brown Jr.
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Diana S. Dooley
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