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July 20, 2012

Mr. Richard Foster
Chief Actuary
Centers for Medicare and Medicaid Services
Department of Health and Human Services
7500 Security Boulevard, Mail Stop N3-01-21
Baltimore, Maryland 21244-1850

Dear Mr. Foster:

As you may know, the Government Accountability Office (GAO) recently declared that the Medicare Advantage quality bonus demonstration program (MA QBP) exceeded the authority provided to the Department of Health and Human Services (HHS) under the Social Security Act.¹

The MA QBP, as calculated by your office, will increase spending by \$8.3 billion over the next decade and, as estimated previously by GAO,² will provide bonuses to plans offering coverage to 90 percent of MA enrollees. In its March 21, 2012, letter to Senate Finance Ranking Member Orrin Hatch, GAO noted that the size of the QBP “dwarfs all other Medicare demonstrations.”

In addition to the serious concerns about the size of the QBP, both the GAO and the independent Medicare Payment Advisory Commission³ expressed concerns about the design of the demonstration. In fact, GAO stated that the demonstration “precludes a creditable evaluation of its effectiveness” in achieving its goal. As a result of these concerns, GAO concluded, “the Secretary of HHS should cancel the MA Quality Bonus Payment Demonstration.”

¹ <http://www.gao.gov/assets/600/592303.pdf>

² <http://gao.gov/products/GAO-12-409R>

³ www.medpac.gov/documents/01062011_MA_COMMENT.pdf

With its most recent report, GAO has determined HHS exceeded its legal authority to implement this demonstration, which calls into question all activities surrounding the development of the QBP. As such, I request that you provide copies of all versions of the MA QBP estimated by your office, and all records and communications regarding the development and implementation of the MA QBP.

If you have any questions, please contact Dan Elling of the Committee staff at (202) 225-3943.

Sincerely,



DAVE CAMP
Chairman



WALLY HERGER
Chairman
Subcommittee on Health