



November 20, 2003

The Honorable Bill Thomas
Chair, House Ways and Means Committee
U.S. House of Representatives
1136 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

The Alliance of Community Health Plans (ACHP), representing eleven community-based health plans and provider groups that serve one-quarter of the nation's Medicare+Choice beneficiaries, offers its support for the conference agreement reached on H.R. 1, the Medicare Prescription Drug & Modernization Act of 2003. This legislation begins to provide America's seniors and individuals with disabilities with the option of a prescription drug benefit in Medicare, with some special protections for low-income beneficiaries.

Of prime importance to ACHP, this legislation lays the groundwork for a pay for performance strategy by requesting that the Institute of Medicine (IOM) conduct a study to identify the performance measures and payment incentive approaches that could be applied throughout the Medicare program. If adopted by Medicare, a pay for performance strategy could improve the quality of care for millions of beneficiaries as well as stimulate pay for performance strategies in the private sector that could benefit all Americans.

The legislation also includes quality improvement reporting requirements that apply to private health plans. ACHP member organizations, which have provided coverage and care for Medicare beneficiaries for many years, believe that these requirements are absolutely critical for consumers to make informed decisions about plan choices and to promote competition among plans on the basis of quality. They are especially important as the Congress moves to include new types of regional health plans in Medicare.

In order to preserve the choice of local-based private plans for Medicare beneficiaries, the legislation increases funding for the Medicare+Choice program and extends the Medicare cost contracting program. At the same time, the legislation maintains the scheduled implementation of a risk-adjustment methodology to ensure that health plan payments accurately reflect the health status of enrollees.

ACHP commends all those in the Senate and the House who have worked for many years on a Medicare prescription drug benefit. Please contact me or Patricia Smith, ACHP's Sr. Vice President for Policy and Government Affairs, if we can offer any assistance.

Sincerely,



Jack C. Ebeler,
President and CEO

cc: Honorable Charles E. Grassley
Honorable J. Dennis Hastert

Honorable Bill Frist
Honorable Max Baucus