

# United States Senate

WASHINGTON, DC 20510-2101

November 10, 2011

The Honorable Kathleen Sebelius  
Secretary  
U.S. Department of Health & Human Services  
200 Independence Avenue SW  
Washington, D.C. 20201

Dear Secretary Sebelius:

As you know, the Center for Medicare and Medicaid Innovation (Innovation Center) was established under Section 3021 of the Patient Protection and Affordable Care Act (PPACA) to “test innovative payment and service delivery models to reduce program expenditures...while preserving or enhancing quality of care furnished to individuals” under Medicare and Medicaid. The health reform law also appropriated \$10 billion for the Innovation Center to fund these new payment and delivery models.

Although the Administration has continually touted the work of the Innovation Center, it is unclear to date what actual systematic reforms have been implemented. We are concerned that at a time of significant uncertainty for the fiscal health of the U.S. government, funds are being expended by the Innovation Center with little to no actual value provided. Reducing health care costs is vital to preserving the solvency of the Medicare and Medicaid programs, but we are concerned that the Administration’s current approach, operating within the fee-for-service system, will not achieve the spending reductions necessary to meet this goal.

Therefore, we request that you please provide the following information and documents:

1. An accounting of expenditures made to date by the Innovation Center to test payment and service delivery models. Identify all recipients of funding from the Innovation Center to date, including how much each entity received and for what purpose. This includes, but is not limited to, expenditures made under the Partnership for Patients, the Bundled Payments for Care Improvement Initiative, the Comprehensive Primary Care Initiative, the Federally Qualified Health Center (FQHC) Advanced Primary Care Practice Demonstration, the Medicare Shared Savings Program, the Pioneer Accountable Care Organization (ACO) program, and the Physician Group Practice Transition Demonstration.
2. Any strategic plan or operating strategy document that provides information on future initiatives funded by the current \$10 billion appropriation for the Innovation Center. Please include any studies, analysis or supporting documentation that supports the need for those initiatives and the anticipated value they will add to the Medicare program.
3. An explanation of the organizational structure of the Innovation Center. List the individuals employed by the Innovation Center, including names, titles, job requirements, SES or grade level, and salary. In addition, please describe the statutory or other authority under which these employees were hired and the Innovation Center’s annual expenditures for salaries,

travel, training, office space, technology and all other costs associated with personnel. Please include a detailed description and/or visual representation of the organizational structure of the Innovation Center that details all groups, divisions or other hierarchies that exist. Also provide any information regarding pilot projects or other initiatives related to personnel within the Innovation Center.

4. A detailed breakdown of the budget of the Innovation Center including all monies spent since the office's inception and future spending for FY 2012 that clearly delineates administrative and operational costs. Please also include a listing of all anticipated contract actions and actual awards made from the Innovation Center's inception through FY 2012.
5. Any estimates of savings prepared by the CMS Office of the Actuary for programs developed by the Innovation Center to date or any evidence that participants in these programs are generating Medicare spending that is lower than the median fee-for-service (FFS) provider or lower than how the median FFS provider would have performed as a result of the Partnership for Patients, the Bundled Payments for Care Improvement Initiative, the Comprehensive Primary Care Initiative, the FQHC Advanced Primary Care Practice Demonstration, the Medicare Shared Savings Program, the Pioneer ACO program, the Physician Group Practice Transition Demonstration, and other Innovation Center programs.
6. Any specific metrics and measures to be used by the Secretary to evaluate the impact of these initiatives and programs on reducing Medicare spending, improving the quality of care, or improving beneficiary access to care, including any internal CMS or HHS guidance.

We support the broad goal of reducing health care costs and improving the fiscal solvency of the Medicare and Medicaid programs. However, we are concerned about some of the specific mechanisms chosen by the Innovation Center and their potential impact on Medicare and Medicaid spending in the near future.

Thank you for your attention to this matter and we look forward to hearing from you soon.


Sincerely,



Michael Enzi  
United States Senator



Orrin Hatch  
United States Senator



Tom Coburn, M.D.  
United States Senator

CC: Dr. Don Berwick, Administrator, Centers for Medicare and Medicaid Services (CMS)  
Ms. Marilyn Tavenner, Deputy Administrator, CMS