

May 13, 2015

Mari Cantwell
Chief Deputy Director of Health Care Programs
Department of Health Care Services
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Sacramento, CA 95899-7413
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Dear Director Cantwell:

The Pharmaceutical Research and Manufacturers of America (PhRMA) appreciates the opportunity to provide comments on ***Medi-Cal 2020: Key Concepts for Renewal***. PhRMA is a voluntary, non-profit organization representing the nation's leading research-based pharmaceutical and biotechnology companies that are devoted to inventing medicines that allow patients to lead longer, healthier, and more productive lives.

The proposed update to California's Medicaid Section 1115 Bridge to Reform Waiver issued on March 27, 2015, seeks to build on the lessons learned and successes of the 2010 Bridge to Reform Waiver, and to continue the delivery system improvements and payment transformation started by that demonstration. Notably, the State plans to continue the delivery system transformation and alignment programs that promote quality and improve outcomes and to establish a coordinated funding stream for the remaining uninsured. Additionally, the demonstration will test new strategies to re-invest federal savings generated under the Waiver through a federal-state shared savings model and will incorporate objectives to achieve measurable improvements through performance metrics, including statewide measures and measures focused on regional, plan, and provider systems.

PhRMA shares California's goal of advancing high-value, high-quality patient care for Medi-Cal beneficiaries. Emerging payment and delivery reforms and value-based payment designs have promise to advance the efficient delivery of high-quality, personalized care, but must be carefully designed to avoid creating barriers to patient access to care. This is particularly important in vulnerable populations, like the Medi-Cal population, that have unique health care needs and access challenges.

Taking this into consideration, PhRMA believes that development and application of payment reforms by state governments should follow a transparent, predictable, participatory process that encourages input from patients, providers, and other stakeholders. We applaud the

Department for engaging the stakeholder and provider communities through the solicitation of public comments. As the programs develop, PhRMA encourages DHCS to continue to include a broad range of stakeholders in developing and implementing the delivery system transformation and alignment programs.

As the Department continues to pursue delivery system transformation and integration in Medi-Cal, PhRMA also encourages the Department to evaluate its current policies in the context of these delivery reform initiatives. For example, in an environment where Medi-Cal providers are being rewarded for quality and value, arbitrary limits on health care services become obsolete. Arbitrary limiting of prescription medicines has the potential for unintended consequences resulting in poor health outcomes due to barriers to accessing needed healthcare services. A successfully integrated health care system that achieves high-value healthcare should instead promote improved patient adherence to prescribed medicines; greater adherence to prescription regimens is known to improve the quality of health outcomes and reduce medical costs.

PhRMA believes that payment and delivery reforms should support patient-centered care, reflect patients' needs, and incorporate patients as well as a system-wide perspective in setting quality outcomes and cost containment goals that do not sacrifice quality for the sake of cost containment. Such models of care should preserve patient choice of providers and treatment options, support the prescriber's role in selecting the best treatment for an individual patient, and utilize evidence-based clinical guidelines, pathways, and protocols. PhRMA respectfully offers the following principles to guide the Department's delivery reform efforts:

- Alternative payment models should support patient-centered care and reflect patient needs and values.
- Payment reform development, implementation, and evaluation should be based on a holistic view of patient care and system-wide perspective in setting quality outcome and cost containment goals.
- Payment reforms must support continued improvement in care quality – including health outcomes – and should not sacrifice quality for the sake of cost containment. To that end, they should include robust and meaningful quality metrics that measure patient health outcomes, quality-of-life, and functional status and accompany those measures with meaningful incentives to improve quality.
- Payment reforms should support patient choice of providers and treatment options and a competitive, market-based reimbursement system.

- Payment reforms should incorporate mechanisms to support patient access to the full range of treatment options and medical advances and support the prescriber's role in selecting the best treatment for an individual patient.
- Clinical guidelines, pathways, and protocols used in alternative payment models must be grounded in valid evidence from a range of sources and study designs.

PhRMA appreciates the opportunity to comment on the Medi-Cal 2020: Key Concepts for Renewal. We look forward to working with the Department to support the advancements in the efficient delivery of high-quality, personalized care and welcome the opportunity to further discuss the issues raised in this letter. Please feel free to contact me at mjacobs@phrma.org if there is any further information we can provide or if you have any further questions about our comments.

Sincerely,

A handwritten signature in black ink that reads "Merrill Jacobs". The signature is written in a cursive, flowing style.

Merrill Jacobs
Vice President, State Advocacy