

CMS Direct Contracting Scheme Will Privatize Medicare

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Medicare offers enrollees a choice of “traditional” Medicare (government-administered coverage for virtually all physicians and hospitals in the US) or Medicare Advantage (private insurance plans with restricted provider panels). Nearly 60% of enrollees select traditional Medicare, and financial analyses by CMS, [MedPAC](#), and others consistently show that traditional Medicare is less costly than Medicare Advantage.

However, in 2020, the Trump Administration launched a new CMS experiment, the Global Professional Direct Contracting (GPDC) model, that is designed to privatize traditional Medicare. That’s right, end the public part of Medicare as we know it.

GPDC transfers cost and care management to private for-profit insurer and investor contracting entities. Under this model, CMS could auto-assign more than 30 million beneficiaries who have chosen traditional Medicare into entities managed by private for-profit companies, ***without their understanding or consent***. These entities are similar to Medicare Advantage plans even though the enrollees explicitly rejected this type of coverage. Although not technically permissible, contracting entities could shift enrollees to Medicare Advantage.

The direct contracting experiment, as designed, has four profound flaws:

- Violates the spirit and public insurance essence of traditional Medicare.
- Undoes the fundamental choice made by Medicare enrollees.
- Will increase costs.
- Likely will not improve quality or allow for objective quality assessment, based on the Medicare Advantage experience.

You’ll notice that this post includes no document link at the top. That’s because this program is happening behind closed doors, on the sly. No public discussion of a massive transformation of traditional Medicare. I know about it because of the excellent sleuthing of colleagues, who have assembled a compelling analysis and report. This will be public soon, but we agreed that there is great urgency to let people know about this threat, so they can speak against it.

Here’s the solution:

1. Immediately suspend GPDC, pending full review and revision, including participation by relevant stakeholders and external experts.

2. Restrict direct contracting to entities that are >75% owned by providers, not investors or insurers.
3. Limit GPDC to < 500,000 participants.
4. Traditional Medicare enrollees must be:
 - assured full understanding of the program;
 - enrolled only if they actively “opt in;” and,
 - properly informed of their ongoing right to see out-of-network providers and to opt out of GPDC.
5. Participating providers must submit all medical claims to CMS to permit effective evaluation of cost (to CMS and enrollees), access to care, and health outcomes.
6. CMS must end GPDC if, overall, it fails to lower costs and improve the care experience within three years.

The integrity of Medicare is at stake.