

January 31, 2023

Xavier Becerra, Health & Human Services Secretary
The U.S. Department of Health & Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Re: Opposition to the ACO-REACH Program

Dear Secretary Becerra:

I am writing on behalf of the Humboldt County Board of Supervisors to express our strong opposition to the Direct Contracting Entities (DCE's) and ACO-REACH programs. The Direct Contracting Entities (DCEs) program that started under the Trump administration introduced a way to move Medicare beneficiaries who had chosen Traditional Medicare into a for-profit insurance model without their consent, and at the present time there is no Congressional oversight of this program now known as **ACO-REACH** (Accountable Care Organization- Realizing Equity, Access, and Community Health).

Despite an endless barrage of deceptive advertising, the majority of those eligible for Medicare have chosen Traditional Medicare over for-profit insurance offered as Medicare Advantage (MA) and are unaware of this threat to their choice.

ACO-REACH programs (formerly known as DCEs) are allowed to keep from 25% up to 40% of their revenue that they don't spend on healthcare services as profit and overhead; thereby, giving them a dangerous financial incentive to restrict seniors' care. Medicare pays **ACO-REACH** programs more money for patients with more complex diagnoses which in MA has resulted in the fraudulent practice known as "up coding," meaning that for-profit insurers exaggerate the seriousness of seniors' diagnoses, resulting in higher costs to Medicare and, instead of filling the gaps in Medicare's coverage, the federal government has increasingly used Medicare funds to subsidize private insurance companies, significantly increasing its administrative costs, burdening doctors with extra paperwork, and providing new opportunity for fraudulent billing by private insurers.

Further, the Congressional Budget Office has projected insolvency of the Medicare Hospital Trust in 2026 which provides care for 52.6 million seniors.

We strongly urge the termination of the ACO-REACH program.

Sincerely,

Steve Madrone, Chair
Humboldt County Board of Supervisors

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