

Direct Contracting Entities: Wall Street Control of Traditional Medicare

How a program you've never heard of could end Medicare as we know it

A scheme first proposed by the Trump Administration and now sanctioned by the Biden Administration's Centers for Medicare and Medicaid Services (CMS), the little-known [Global and Professional Direct Contracting](#) (GPDC) model could hand traditional fee-for-service (FFS) Medicare straight to Wall Street investors.



How many people are affected?

More than 30 million seniors who have chosen traditional Medicare could be [involuntarily assigned](#) to a Direct Contracting Entity (DCE) without their knowledge or consent.

What are DCEs?

DCEs, [newly created by CMS](#), are middlemen that have the tools to manage the care of beneficiaries in traditional Medicare in many of the same ways as commercial Medicare Advantage plans. They:

- Could drive up traditional Medicare costs to maximize revenues
- Could use inflated service codes to assign higher risk scores to patients, thus increasing their own revenues and draining the Medicare Trust Fund
- Operate with limited oversight, likely undermining Medicare beneficiaries' care and driving excess payments to DCEs
- Give enrollees the right to switch out of their DCE, but patients may not know that or understand why they should

How many DCEs are there?

- As of April 1, there are [53 DCEs](#) that operate in 43 states plus DC
- Of the 53 DCEs, 28 are investor-owned, and 6 of those are insurer-based; the rest appear to be provider-based and controlled
- The 6 insurer DCEs operate in 19 states that have 57% of the entire national FFS population
- In 2019, Medicare FFS spending was \$330B; in 2025, Medicare DCEs could be [projected](#) to collect \$660B

What role do doctors play in DCEs?

- Doctors are lured to participate in a DCE by [promises](#) of up to a 40% increase in provider Medicare reimbursement and a reduced set of core quality measures they have to meet
- Once doctors sign up, their patients are automatically "aligned" to the DCE without patients' knowledge or consent; patients are sent a letter, which they are not likely to read or understand

Why should we care?

DCEs will fully privatize Medicare. Health justice advocates could still organize for single payer, but it would be vastly more challenging to describe that program as "Medicare for All" with Medicare as we know it having been replaced by Wall Street venture capitalists. ***We demand CMS immediately put an end to the GPDC model and DCEs, and restore and protect the rights of individuals who have deliberately chosen traditional Medicare.***