The Center for Medicare and Medicaid Services “Innovation Center” recently announced that by 2030, they will move all Traditional Medicare enrollees into a “care relationship” with a 3rd party middleman, without seniors’ knowledge or consent, and without Congressional oversight.

What is the Medicare Direct Contracting (DC) Program?
DC is a pilot program that aims to enroll every Traditional Medicare beneficiary into a third-party “Direct Contracting Entity” (DCE). Instead of paying doctors and hospitals directly for care, Medicare gives DCEs a monthly payment to cover a defined portion of each seniors’ medical expenses, allowing DCEs to keep as profit what they don’t pay for in care. Virtually any type of company can apply to be a DCE, including commercial insurers, venture capital investors, and even dialysis centers. Applicants are approved by CMS without input from Congress.

How do DCEs make money?
First, because Medicare pays DCEs more money for sicker patients, DCEs have a strong incentive to engage in a type of fraud called “upcoding,” meaning they exaggerate — or falsify — seniors’ diagnoses. Second, DCEs are allowed to keep as profit and overhead what they don’t pay for in health services, a dangerous financial incentive to restrict seniors’ care. Former CMS Administrator Dr. Don Berwick and former CMS Innovation Center director Dr. Rick Gilfillan estimate that DCEs may spend as little as 60% of Medicare payments on patient care, keeping 40% as overhead and profit.

How are Medicare beneficiaries enrolled in DCEs?
Seniors in Traditional Medicare may be “auto-aligned” if their primary care physician is affiliated with that DCE. CMS automatically searches two years of seniors’ claims history — without their consent or knowledge — to find any visits with a participating DCE provider as the basis for aligning them with that DCE.

Why haven’t I heard about DCEs?
Most doctors, seniors, and even members of Congress have not heard of the DC program for a good reason. It was created during the Trump Administration by the CMS “Innovation Center,” whose mission is to test and implement health payment models without Congressional approval.

What happens next?
The DC “pilot phase” includes 53 DCEs in 38 states, potentially covering 30 million of the 36 million Traditional Medicare beneficiaries. If left unchecked, DCEs could essentially privatize Traditional Medicare within the next few years. A new grassroots movement has formed to stop DCEs. Thousands of doctors and other advocates have signed a petition demanding that Secretary of Health and Human Services Xavier Becerra halt the DC program, provide real oversight of CMS’ Innovation Center, and protect Medicare for future generations.