AMGA
Advancing High Performance Health

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Michael Chernew, Ph.D.
Chairman
Medicare Payment Advisory Commission
425 I Street, NW, Suite 701
Washington, D.C. 20001

Dear Dr. Chernew:

On behalf of AMGA, we appreciate the opportunity to comment on the Medicare Payment Advisory Commission's (MedPAC's) October 5, 2023 discussion of current law updates to Medicare's payment rates for clinician services.

Founded in 1950, AMGA is a trade association leading the transformation of healthcare in America. Representing multispecialty medical groups and integrated systems of care, we advocate, educate, innovate, and empower our members to deliver the next level of high-performance health. AMGA is the national voice promoting awareness of our members' recognized excellence in the delivery of coordinated, high-quality, high-value care. There are over 177,000 physicians practicing in our member organizations, delivering care to more than one in three Americans. Our members are also leaders in value-based care delivery, focusing on improving patient outcomes while driving down overall healthcare costs.

We appreciate the commission's dedication to evaluating Medicare payment rate updates for clinician services and for considering factors that affect the transition to value-based care. Since the inception of the Medicare Access and CHIP Reauthorization Act (MACRA) in 2015, the healthcare landscape has evolved significantly. Yet, it is clear that the current Medicare Physician Fee Schedule (PFS) updates and Quality Payment Program (QPP) incentives are exacerbating industry challenges, rather than resolving them.

Indeed, these updates do not account for recent unprecedented inflation, and the expiration of advanced alternative payment model (A-APM) bonuses failed to anticipate the extended hardships providers faced, including the COVID-19 pandemic, workforce shortages, and essential drug scarcities. Such obstacles hinder a provider's ability to embrace value-based care effectively.

We strongly advocate for granting providers more time for this transition. We encourage you to support a comprehensive overhaul of the current system. Failing to address provider under-reimbursement may lead to an access crisis, and the expiration of A-APM incentives could hinder the shift to value-based care. Your support is vital to ensure the future of our healthcare system.

Accordingly, AMGA is pleased to offer the following comments for your consideration:

Medicare Default Fee Schedule Updates

AMGA applauds the commission for recognizing the inadequacy of the current default PFS update system and for acknowledging the need to incorporate the Medicare Economic Index (MEI) into the forthcoming default update framework. Addressing the issue of linking PFS updates to inflation is imperative to rectify the current imbalance, where inflation is significantly outpacing reimbursement rates, necessitating ad-hoc rate increases from Congress to sustain clinicians' viability.

We caution, however, against assuming that the resilience of Medicare's access to care over the last two decades, despite the growing gap between PFS reimbursement and costs, will continue if this gap widens further. The relationship between reimbursement rates and access is not linear. Physicians and providers are dedicated to serving the Medicare population, but if the disparity between reimbursement and costs continues to expand, they may be compelled to refuse new Medicare patients or close their doors. We are nearing a critical juncture, as Dr. Jaffery astutely pointed out, and a delayed response might render the problem insurmountable.

Considering the ongoing healthcare workforce shortage, the rapidly expanding Medicare population, and the minor conversion factor updates on the horizon, access to care for new beneficiaries may become a problem sooner than anticipated. We emphasize that reduced access to care is a trailing indicator of a much larger issue, and we advocate for a proactive, rather than reactive response. Physicians have experienced a 26% reduction in inflation-adjusted Medicare reimbursement from 2001 to 2023. This resilience should not be misconstrued as an endorsement of the current system's effectiveness. In fact, AMGA survey respondents indicate our members will be forced into a number of unpalatable choices if cuts in Medicare reimbursements are implemented as proposed in 2024. For example, 44% of our members eliminated services to Medicare patients in 2023, and 65% expect to continue that policy in 2024. AMGA members further noted the tangible and sobering impact of this year's actual Medicare cuts: Fifty percent of our members instituted hiring freezes in 2023 and 65% expect to extend that policy in 2024.[1]

Therefore, it is crucial to consider factors beyond access when evaluating the adequacy of clinician payments. MedPAC has previously recognized the importance of assessing the quality of care and whether payments are sufficient to cover the costs of relatively efficient providers in reimbursement discussions. We hope this perspective will continue to inform future deliberations, even in the absence of comprehensive quantitative data, as we must be meticulous when addressing a situation that could lead to a patient access crisis.

A-APM Bonus Payments

AMGA firmly believes that transitioning to a value-based care model is essential for enhancing healthcare outcomes while reducing care costs for Medicare beneficiaries and patients. A-APM bonuses serve as a pivotal incentive for providers to make this transformation. Allowing these

[1] https://www.amga.org/getmedia/

bonuses to expire in 2025 poses a significant risk to CMS's objective of transitioning all providers to value-based care by 2030.

Many of MACRA's payment updates were ill suited to address current economic conditions, and Congress did not design the timetables for A-APM bonuses to account for the recent healthcare industry crises. These crises have impeded the shift to value-based care, making it premature to adhere to the original A-APM bonus expiration schedule.

The upfront investment required to engage in a value-based care program is substantial. Providers have grappled with soaring inflation, the formidable challenges posed by the Covid-19 pandemic, essential drug shortages, and workforce deficiencies, hampering their ability to make this crucial investment. Simultaneously, the threshold for becoming an A-APM participant has risen. Allowing the A-APM bonuses to expire as planned raises concerns that many providers who would otherwise embrace value-based care will be unable to do so. Increasing program thresholds while reducing incentives amid challenging economic conditions is unrealistic and may hinder provider participation.

While AMGA acknowledges Dr. Casalino's point that A-APM participation should eventually yield benefits without incentives, we emphasize that we have not yet reached that point. We concur with the numerous commissioners who stress the significance of extending A-APM bonuses to underscore our commitment to progressing toward value-based care and positioning A-APM participation as a solution to volume and intensity increases.

One compelling reason to incentivize A-APM participation is the inadequacy of the Merit-based Incentive Payment System (MIPS) in driving clinicians toward value-based care. The low-volume threshold permits numerous providers to opt out of value-based care, reducing incentives for those who participate. CMS projects that 603,302 clinicians will not engage in MIPS in the upcoming year due to their failure to meet participation criteria or their decision to opt out despite partial qualification. Among the 820,047 anticipated participants, payouts are diminished because clinicians who partially meet participation criteria can simply opt out if they anticipate negative adjustments.

Conclusion

We thank you for your consideration of our comments. AMGA would also welcome the opportunity to meet with MedPAC staff to discuss our concerns and possible solutions to these issues.

Should you have questions, please do not hesitate to contact AMGA's Darryl M. Drevna, Senior Director of Regulatory Affairs, at 703.838.0033 ext. 339 or at ddrevna@amga.org.

Sincerely,

Darryl Drevna
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AMGA