

March 21, 2025

Michael E. Chernew, Ph.D.
Chair
Medicare Payment Advisory Commission
425 I Street, NW, Suite 701
Washington, DC 20001

Dear Dr. Chernew:

On behalf of the undersigned organizations whose physician, hospital, and accountable care organization (ACO) members are on the frontlines of value-based patient care, we are writing regarding the Medicare Payment Advisory Commission's (MedPAC) deliberations during its March 2025 meeting on stabilizing and improving Medicare physician payment.

We urge MedPAC to reiterate its concerns cited below (and as outlined in Chapter 1 of MedPAC's June 2024 Report to Congress) about the expiration of incentives for physicians and other clinicians participating in advanced alternative payment models (APMs):

The Commission is also concerned about the upcoming sunset of participation bonuses for clinicians in A-APMs after 2026. To date, the A-APM participation bonus (currently set at 5 percent of a clinician's Medicare payments for fee schedule services) has always been larger than the highest adjustment available through the Merit-based Incentive Payment System (MIPS) (which has reached up to 2.34 percent)—helping to incentivize clinicians' participation in A-APMs. After 2026, A-APM participation bonuses will be eliminated in favor of the differential payment updates for clinicians depending on whether or not they are in an A-APM, described above. But in the initial years of differential updates, the higher updates for qualifying clinicians in A-APMs will produce a relatively weak incentive to participate in A-APMs. In 2027, for example, A-APM clinicians' payment rates will be only 1 percentage point higher than those of other clinicians. MIPS may therefore become the more attractive option for top-performing clinicians in coming years, depending on CMS's implementation decisions. (MIPS adjustments can reach up to 9 percent under current law.) Waning interest in A-APMs could result in missed opportunities to achieve better-quality care more efficiently.

We could not agree more with Commissioner Poulsen that some remarks in this report on the consequences of sunset of the advanced APM incentives could be misconstrued as support for their expiration or as a change in the Commission's position since the June 2024 Report was released. As Congress has yet to extend the advanced APM incentive for the 2025 performance period, physicians, other health care professionals, and ACOs are facing significant uncertainty about whether they will be able to continue to support expanded care teams and maintain investments in population health infrastructure. This jeopardizes the necessary foundation for delivering high-quality, well-coordinated, cost-effective care to Medicare beneficiaries in APMs.

As the debate about whether and how to extend APM incentives is ongoing -- and MedPAC is considering recommending that the slightly higher conversion factor updates for APM participants be replaced with a single conversion factor update -- **it is critical that the Commission explicitly stress the importance of APM incentives in any discussion of Medicare physician payment reform. The APM incentives are essential to sustain and increase participation in APMs, and thus to increase access to high-quality patient care.**

Since MedPAC's June 2024 Report to Congress, the Centers for Medicare & Medicaid Services (CMS) has released results showing that the [Medicare Shared Savings Program](#) and [ACO REACH Model](#), the largest APMs in Medicare, generated \$2.8 billion in net savings for the Medicare program in 2023, while improving patient access and quality. More than 13 million Medicare beneficiaries currently receive value-based care through an ACO. More than 500,000 physicians and clinicians participate in advanced APMs and rely on the incentives to cover the costs of care coordination, data analytics, and increased staffing. If participation in these models becomes less attractive due to expiration of the advanced APM incentive, millions of beneficiaries will be at risk of losing access to services not covered by traditional Medicare. Allowing the APM payment incentive to lapse will be detrimental to the development and growth of new APMs, especially those that address current participation gaps, including in rural areas and among patients with chronic diseases.

Adding a Medicare Physician Payment Increase Tied to Full Inflation

We strongly support a recommendation to replace the differential conversion factors under current law with an annual update based on the full increase in the Medicare Economic Index (MEI). The five years of Medicare physician payment cuts and lack of an inflationary update under current law further threaten the ability of physicians and other health care professionals to transition to and succeed in APMs. When adjusted for inflation in practice costs, Medicare physician payment declined 33 percent from 2001 to 2025. With dwindling resources, physician practices are facing difficult decisions about how to keep their practices open and continue to care for Medicare beneficiaries. These added financial pressures means that they may be less likely to take on the financial risk in an APM or innovate to reduce costs and improve quality. Therefore, we strongly encourage MedPAC to recommend that Congress establish default updates to Medicare physician payments that cover the full increase in input costs as measured by the MEI in lieu of current law updates.

In Conclusion

The Alliance for Value-Based Patient Care greatly appreciates MedPAC's consideration of our input on these issues and are happy to be a resource to the Commission on the perspectives of frontline providers of accountable care.

Sincerely,

American Academy of Family Physicians
American College of Physicians
American Medical Association
American Society for Radiation Oncology
America's Physician Groups
AMGA
Association for Clinical Oncology
Health Care Transformation Task Force
Medical Group Management Association
National Association of ACOs
National Rural Health Association
Premier Inc.
Renal Physicians Association