

February 13, 2023

The Honorable Ron Wyden
Chairman
Senate Committee on Finance

The Honorable Mike Crapo
Ranking Member
Senate Committee on Finance

The Honorable Cathy McMorris Rodgers
Chairwoman
House Committee on Energy and Commerce

The Honorable Frank Pallone
Ranking Member
House Committee on Energy and Commerce

The Honorable Jason Smith
Chairman
House Committee on Ways and Means

The Honorable Richard Neal
Ranking Member
House Committee on Ways and Means

RE: Recommendations to promote value-based patient care in Medicare

Dear Chairman Wyden, Chairwoman McMorris Rodgers, Chairman Smith, Ranking Member Crapo, Ranking Member Pallone, and Ranking Member Neal:

On behalf of the undersigned organizations, thank you for your support and leadership to retain incentives for physicians and other clinicians to adopt value-based care. Including a 12-month extension of the advanced alternative payment model (APM) incentive payment in the Consolidated Appropriations Act of 2023 ensures that the nearly 300,000 clinicians working to improve the quality and cost-effectiveness of care for millions of Medicare beneficiaries through these models have the resources to innovate care. As you consider your priorities for the 118th Congress, we ask that you continue to advance the transition to value-based health care.

Value-based payment reforms have generated over \$17 billion in gross savings for Medicare over the last decade and improved the quality of care for millions of patients. A key aim of the bipartisan Medicare Access and CHIP Reauthorization Act (MACRA) was to speed the transition to patient-centered, value-based care by encouraging physicians and other clinicians to transition into APMs. Today, approximately 30 percent of Medicare clinicians are participating in risk-based payment models, but the rate of uptake remains below original projections. While MACRA was a step in the right direction, more needs to be done to drive long-term system transformations. Stabilizing Medicare's payment system and ensuring payment adequacy will also help physicians invest in the infrastructure and staffing necessary to transition into value-based models. We encourage your committees to hold hearings and engage with stakeholders to consider long-term approaches for advancing value. We also ask that you consider the following recommendations:

- **Extend Value-Based Care Incentives.** Appropriate financial incentives help attract physicians and other clinicians to participate in advanced APMs and reward those that continue to move forward on their value transitions. We urge Congress to provide a multi-year commitment to reforming care delivery by extending MACRA's 5 percent advanced APM incentive payments for additional years to continue to recruit new providers into APMs. Additionally, to ensure that qualifying thresholds remain attainable to promote program growth, the Centers for Medicare & Medicaid Services (CMS) should be given authority to adjust thresholds through rulemaking and to set varying thresholds for more targeted models where participants (i.e., specialists) cannot meet the existing one-size-fits-all thresholds.
- **Ensure Participants Join and Remain in Existing APMs.** Current and past APMs have allowed physicians and other clinicians to change care delivery and improve care coordination. It is essential to remove

barriers to participation and give additional flexibility and tools to innovate care. Specifically, Congress should remove distinctions (i.e., the high-low revenue designation in the Medicare Shared Savings Program) that penalize safety net providers, improve financial methodologies so that APM participants are not penalized for their own success, reduce regulatory burdens by offering increased flexibilities and waivers for clinicians moving to risk, and provide technical assistance and an appropriate glidepath to financial risk for those newly transitioning to APMs.

- **Provide a Broader, More Predictable Pathway for More Types of Clinicians to Engage in APMs.** While CMS' population health models have seen encouraging growth over the last 10 years, there has been insufficient model development for all types of physicians and other clinicians. Additionally, few models have been expanded or extended to date, which can create significant uncertainty for participants and make them hesitant to invest in new payment models. Congress should work with the CMS Innovation Center to ensure that promising models have a more predictable pathway for being implemented and becoming permanent and are not cut short due to overly stringent criteria. To accomplish this, Congress should: (1) direct CMS to redesign its evaluation strategies to better isolate specific innovations while controlling for other variables; (2) broaden the criteria by which the Innovation Center models qualify for Phase 2 expansion (e.g., does the model positively address health equity or effectively expand participation to more provider types); (3) direct the Innovation Center to engage stakeholder perspectives during APM development, such as leveraging the Physician-Focused Payment Model Technical Advisory Committee (PTAC).
- **Establish Parity Between APM and Medicare Advantage (MA) Program Requirements.** Like the MA program, APMs are a powerful policy solution to move payments away from fragmented care options to coordinate care that is rewarded for value. Congress should seek greater alignment between APMs and the MA program to ensure that both models provide attractive, sustainable options for innovating care delivery, and to ensure that APMs do not face a competitive disadvantage. This includes establishing parity between program flexibilities to reduce clinician burdens and improve patient access to care. Additionally, Congress should encourage more multi-payer value-based arrangements and examine how APM incentive payments and shared savings payments, which are incorporated into MA benchmarks, are equitably passed on to physicians and other clinicians.

We thank you for your leadership in supporting the movement to value-based care. Our organizations look forward to continuing to work with you and your colleagues to support legislation that will improve Medicare's payment system.

Sincerely,

American Academy of Family Physicians
Association of American Medical Colleges
American College of Physicians
American Medical Association
AMGA
America's Physician Groups
Federation of American Hospitals
Health Care Transformation Task Force
Medical Group Management Association
National Association of ACOs
National Rural Health Association
Premier, Inc.