

May 26, 2021

The Honorable Ron Wyden
Chairman
Senate Finance Committee
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member
Senate Finance Committee
Washington, DC 20510

Dear Chairman Wyden and Ranking Member Crapo:

Six years ago, our organizations worked with Congress to enact the Medicare Access and CHIP Reauthorization Act (MACRA) and end the antiquated, burdensome, and misaligned sustainable growth rate payment formula (SGR). This followed several years of Congressional short-term legislative fixes to prevent arbitrary Medicare cuts triggered by the broken SGR.

As organizations that continue to promote value and high-quality patient care within the U.S. health care system, we believe it is time again to examine the Medicare physician payment program. **We are writing to respectfully request that the Senate Finance Committee convene one or more hearings on the implementation of physician payment policies within the MACRA, specifically focused on whether the current system achieves the Congressional intent to move towards value-based care. We also urge the Committee to consider the long-term viability of the current Medicare physician payment system.**

MACRA was passed with the laudable goal of moving away from a fee-for-service payment model to a system that rewards a care team for improving quality and reducing costs. At the time, many stakeholders welcomed this new opportunity for the Centers for Medicare and Medicaid Services (CMS) to modernize the mechanisms for measuring and incentivizing better quality of care and value. However, it is now evident that the brief time frame for implementation along with a lack of new resources have led to an over-dependence on flawed, existing CMS quality programs which fail to create meaningful and actionable quality incentives. Additionally, while MACRA was intended to provide physicians an on ramp to Alternative Payment Models (APMs), most doctors find that there are no Medicare-qualified APMs available to them. This has resulted in unforeseen challenges in making the transition to value-based care.

Additionally, we believe that MACRA must be viewed within the broader context of the physician payment system. While physician services represent a very modest portion of the overall growth in health care costs, they are perennial targets for cuts when policymakers seek to tackle spending. The modest statutory updates included in MACRA are now finished, and physicians are in a six-year period with no updates. The result is real reductions to payments due to inflation and budget neutrality requirements.

Medicare physician payments have remained constrained by a budget-neutral financing system lacking an automatic update mechanism equivalent to the market-basket update used in hospital payments. The conversion factor (CF) used to determine payments has failed to keep up with inflation and by 2030, under current policies, will be only about 50 percent of what it would have been if it had simply been indexed to general inflation starting in 1998. Faced with two decades of stagnant payment as well as pending cuts, the physicians we represent contend that it is time for Congress to examine the payment

system in a way that is fair to physicians who innovate in care delivery and provide high quality of care to patients.

The undersigned groups would like the opportunity to share our experiences, expertise, and thoughts on how to achieve value in a patient-centered future payment system, and what steps might be necessary to get there. We look forward to working together with you to provide optimal care to the Medicare population. We appreciate your consideration.

Sincerely,

American College of Physicians
American College of Surgeons
American Medical Association