American College of Physicians Statement to the Senate Finance Committee

Bolstering Chronic Care Through Medicare Physician Payment

April 11, 2024

On behalf of the American College of Physicians (ACP), we appreciate this opportunity to share our recommendations to improve the delivery of chronic care in Medicare. We applaud Chairman Wyden and Ranking Member Crapo for hosting this hearing on Bolstering Chronic Care through the Medicare Physician Fee Schedule (MPFS) and their willingness to consider policies to enhance care for seniors with chronic conditions. We were pleased to work with this Committee several years ago to strengthen chronic care through the passage of S. 870, the Creating High-Quality Results and Outcomes to Improve Chronic (CHRONIC) Care Act and look forward to working with you to ensure that the MPFS provides the support necessary for physicians to provide high quality chronic care for our seniors.

ACP is the largest medical specialty organization and the second largest physician membership society in the United States. ACP members include 161,000 internal medicine physicians, related subspecialists, and medical students. Internal medicine physicians are specialists who apply scientific knowledge, clinical expertise, and compassion to the preventive, diagnostic, and therapeutic care of adults across the spectrum from health to complex illness.

Although the Chronic Care Act made important changes in improving care for seniors with chronic conditions, additional steps are needed to ensure that our patients have access to high quality chronic care. Six in ten American adults have at least one chronic disease and four in ten have two or more, and at $3.3 trillion in annual health costs, chronic disease is responsible for 75% of aggregate national health care spending and is the largest cause of disability and death.

General internal medicine physicians assume principal responsibility for coordinating and managing patients' overall care, particularly for those with multiple complex chronic conditions. As the Senate Finance Committee examines policies to bolster chronic care, we urge you to adopt the following measures to ensure lower costs and improve the quality of chronic care in this country:

- Strengthen and Stabilize the MPFS
- Revise Requirements for Budget Neutral Payment Cuts in the MPFS
- Ensure Accurate Estimates of Utilization of New Codes in the MPFS
- Remove Beneficiary Cost Sharing for Chronic Care Management Services
- Support Increased Access to Telehealth Services
- Support the Implementation of Medicare Code G2211
- Expand the Primary Care Physician Workforce
- Support the Elimination of Cost Sharing for Primary Care Services
- Support Increased Payment for Primary Care Physicians

Strengthen the Medicare Physician Fee Schedule

It is unrealistic to assume that the current MPFS provides the adequate stability and resources necessary for our physicians to deliver high quality chronic care for our patients. Unlike nearly every other segment of the Medicare payment system, the MPFS does not include annual inflationary adjustments. As a result, when accounting for inflation, current Medicare physician payment rates have decreased by a staggering 26 % since 2001. The failure of Congress to provide consistent, positive, and stable payment updates is contributing to staffing shortages and service limitations that potentially result in longer wait times or other disruptions impacting patient care.

We urge Congress to approve **H.R. 2474, the Strengthening Medicare for Patients and Providers Act**, which preserves access to care for Medicare beneficiaries by providing an annual inflation update equal to the Medicare Economic Index (MEI) for Medicare physician payment. This legislation is essential to physicians' ability to make needed investments in their practice that help ensure they can continue delivering high quality care to their patients.

Revise Requirements for Implementing Budget Neutral Payment Cuts in the MPFS

In addition to a lack of inflationary updates, each year physician practices face arbitrary payment cuts due to budget neutrality requirements in the annual fee schedule that, unless addressed in a comprehensive way, will continue to plague physicians in the years to come. Although we appreciate that Congress has provided some financial relief to physicians to mitigate the impact of these payment cuts, these measures do not provide the consistency and stability for physicians to meet their expenses and provide high quality care to seniors.

We urge the Finance Committee to approve legislation **H.R. 6545, the Physician Fee Schedule Update and Improvements Act**, which would update the threshold for implementing budget neutral payment cuts in the MPFS. It would raise the budget neutrality threshold to $53 million and would use cumulative increases in the MEI to update the threshold every five years afterwards. We believe that this is a practical approach, which would help account for inflation.

ACP also supports the provisions in the bill that would require CMS to update the direct costs associated with practice expenses (clinical labor, the prices of equipment, and the prices of medical supplies) simultaneously at least once every five years.

We also support provisions in this bill that would allocate 3 percent to the 2024 Medicare conversion factor, as well as extend incentive payments for participation in eligible advanced alternative payment models (APMs) through 2026 and would tier bonuses according to how long a physician has participated in an APM, to account for increased upfront costs. The bill includes a provision that would provide the Secretary of Health and Human Services (HHS) with flexibility for tiering bonuses. ACP supports extending incentive payments for APMs to support physicians' transition from a volume-based fee-for-service health care system to one that is based on the value of health care delivered to the patient. Instead of having a tiered approach for bonuses, we recommend that Congress considers freezing the revenue threshold increase for five years to encourage more physicians to transition from fee-for service into APMs and maintain financial viability for those already participating in such programs.

Ensure Accurate Calculation of Utilization of New Medicare Payment Codes

ACP is requesting that Congress directs the Government Accountability Office (GAO) to conduct a study and report back to Congress on the utilization estimates and actual payments incurred from the implementation of new Medicare codes by the Centers for Medicare and Medicaid Services (CMS). This language is needed to more accurately determine how much money in Medicare Part B was unnecessarily held back versus the actual amount needed to pay for those services within the first year of implementation. The concern is that money is often withheld from the fee schedule due to budget neutrality and if the estimates are above the actual code utilization, that money doesn't get put back into the fee schedule to fund other service costs. If there is an overestimation in utilization of new codes, it can lead to unnecessary physician payment cuts, which ultimately can hinder patients' access to timely care.

Remove Beneficiary Cost Sharing for Chronic Care Management Services

We remain concerned that many seniors have failed to access chronic care management services due to a patient cost-sharing requirement associated with this care. Current law mandates that Medicare beneficiaries are subject to a 20 % coinsurance requirement to receive chronic care management services. This cost-sharing requirement creates a barrier to care, as beneficiaries are not accustomed to cost-sharing for care management services and may forego the services altogether as a result**.** The latest data reveals that only 4% of Medicare beneficiaries potentially eligible for chronic care management received these services. That amounts to 882,000 out of a potential pool of 22.5 million eligible beneficiaries.

We urge you to approve H.R. 2829, the Chronic Care Management Improvement Act of 2023. This legislation would remove the cost sharing requirement for patients to access chronic care management services. We also support allowing the physician that performs chronic care management services to waive the requirement that the patient pay the 20 % coinsurance fee associated with this service.

Support Increased Access to Telehealth Services for Medicare Beneficiaries

We support the expanded role of telemedicine as a method of health care delivery that will improve the health of patients with chronic conditions by enabling and enhancing patient-physician collaborations, increasing access to care and members of a patient's health care team, and reducing medical and resource costs when used as a component of a patient's longitudinal care.

Telehealth flexibilities from the pandemic-era public health emergency (PHE) have been instrumental in improving access to care for patients across the U.S. We were pleased that the Consolidated Appropriations Act of 2023 extended many of those flexibilities through the end of 2024.

ACP believes that the following existing flexibilities should be continued – and not allowed to expire – to support making telehealth an ongoing and continued part of medical care now and in the future. We urge the Finance Committee to make these existing flexibilities permanent or to provide long-term extensions for them.

- Expand originating sites and lift geographic requirements for telehealth services
- Allow federally qualified health centers (FQHCs) and rural health clinics (RHCs) to continue to provide telehealth services
- Allow the furnishing of audio-only telehealth services for evaluation and management services

ACP Supports S. 2016/H.R. 4189, the Connect for Health Act of 2023

We urge Congress to approve **S. 2016/H.R. 4189, the Connect for Health Act of 2023**. This legislation would permanently expand access to essential telehealth services including expanding originating sites and lifting geographic requirements for telehealth services and allowing FQHCs and RHCs to continue to provide telehealth services. We urged the Finance Committee to include this legislation in the original CHRONIC Care Act and urge you to act to continue to ensure that seniors have access to these vital telehealth services after they expire at the end of this year.

Ensure Access to Audio-only Telehealth Services

We also support **S. 1636/H.R. 3440, the Protecting Rural Telehealth Access Act**, a bill that would ensure that seniors may continue to access audio-only telehealth consults with their physician after this option expires at the end of this year. ACP strongly supports the use of audio-only telehealth as an effective modality to address gaps in health equity. Primary care and other evaluation and management services delivered via telephone have become essential to a sizable portion of Medicare beneficiaries who lack access to the technology necessary to conduct video visits. These services are instrumental for patients who do not have the requisite broadband/cellular phone networks or have privacy concerns and do not feel comfortable using video visit technology or do not possess the digital literacy to use video technology.

Support the Implementation of Medicare Code G2211

We are pleased that at the beginning of this year, CMS implemented Healthcare Common Procedure Coding System (HCPS) add on code G2211 to compensate physicians for the extra work and resource costs required for the coordination of care for complex or serious conditions. This new Medicare code is essential to provide our physicians with the resources necessary to provide high quality care for patients with chronic conditions, and to ensuring that patients have access to a holistic, dynamic, and integrated system. With implementation, clinicians can now receive payment for services like chronic disease management tracking, review of consultative or diagnostic reports, and medication monitoring that would otherwise be unaccounted for in the current E/M coding structure.

A report by the National Academy of Sciences, Engineering, and Medicine calls on policymakers to increase the investment in primary care as evidence shows that it is critical for "achieving health care's quadruple aim: enhancing patient experience, improving population health, reducing costs, and improving the health care team experience." The report urges reforms to ensure that the Medicare physician payment system no longer undervalues primary and cognitive care, and more adequately incentivizes the type of quality, value-based care that patients need. ACP greatly appreciates the changes by CMS and Congress to help patients and physicians to establish and maintain longitudinal relationships that improve health outcomes. The College looks forward to continuing to work with CMS and Congress to ensure patients have access to continuous and comprehensive care.

Expand the Primary Care Workforce

It is estimated that there will be a shortage of 17,800 to 48,000 primary care physicians by 2034. As our population ages with higher incidences of chronic diseases, it is especially important that patients have access to physicians trained in comprehensive primary and team-based care for adults—a hallmark of internal medicine GME training. It is worth noting that the federal government is the largest explicit provider of GME funding (over $15 billion annually), with most of the support coming from Medicare.

ACP appreciates Congress' continued GME expansion with the Consolidated Appropriations Act, (CAA), 2023, H.R. 2617, adding an additional 200 GME slots, 100 for psychiatry and psychiatric subspecialties and 100 for other physician specialties. We urge Congress to continue this momentum through the passage of the **Resident Physician Shortage Reduction Act of 2023, H.R 2389/S. 1302**, which would gradually raise the number of Medicare-supported GME positions by 2,000 per year for seven years.

Support the Elimination of Cost Sharing for Primary Care Services

We support waiving beneficiary cost sharing for primary care services. We believe that cost sharing creates barriers to evidence-based, high value, and essential care and should be eliminated, particularly for low-income patients and patients with certain defined chronic illnesses. Evidence shows that even very low Medicaid copayments are associated with decreased use of necessary care. High deductibles may serve as a barrier to receiving high-value, preventive care and treatment after diagnosis.

Support Sufficient and Sustained Increases in Medicare Payments for Primary Care Services in a Manner that is not Limited by Current Budget Neutrality Constraints

It is essential that Congress develop policies to provide the financial stability needed to help physicians improve the quality and value of care they furnish. As indicated above, a first step would be modifying the current laws that impose arbitrary payment cuts in the MPFS every year. ACP also encourages Congress to develop policies to ensure that the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) fulfills its goal as intended to transform Medicare physician payment from a fee-for-service (FFS) model that pays physicians based on the number of services provided to a value-based model that incentivizes the quality and outcome of care delivered to patients. Yet, concern is growing that these programs have fallen far short of truly shifting payments away from a still predominant FFS model or moving the needle toward achieving greater equity in the delivery of health care.

Based on the 2020 ACP paper, Envisioning a Better U.S. Health Care System for All: Health Care Delivery and Payment System Reforms, we recommend that all payment systems substantially increase relative and absolute payments for primary care commensurate with its value in achieving better outcomes and lower costs. Inappropriate disparities in payment levels between complex cognitive care and preventive services, relative to procedurally oriented services, should be eliminated. It is essential that payment policies recognize the value of primary care, and that payment is sufficient to reverse the primary care physician shortage. Access to primary care has consistently been associated with higher quality of care, lower mortality rates, higher patient satisfaction, and lower total system costs. Compared with other developed countries, the United States ranked lowest in primary care functions as well as health outcomes, yet highest in health spending. Moreover, studies have shown health outcomes are better in states with higher ratios of primary care physicians within the population than in those with lower ratios. Increasing one primary care physician per 10,000 people in one state was associated with a rise in that state's quality rank by more than 10 places and a reduction in overall spending by $684 per Medicare beneficiary.

Conclusion

We appreciate the Senate Finance Committee's efforts to bolster chronic care in Medicare and their support for strengthening the MPFS to provide physicians with the resources to provide high-quality care to our seniors. We look forward to working with the Committee to implement these policies as outlined in our statement. Should you have any questions, please do not hesitate to contact Brian Buckley, Senior Associate for Legislative Affairs at bbuckley@acponline.org.