Senate Finance Committee Hearing
Bolstering Chronic Care through Medicare Physician Payment
April 11, 2024

Summary of Witness Testimonies

Amol Navathe, MD, Ph.D.
Professor Of Health Policy and Medicine, University of Pennsylvania

Dr. Navathe, a primary care trained internal medicine physician and PhD-trained health economist, emphasized the need for Medicare to improve chronic care for beneficiaries and how changes in physician payment could support this. Drawing from his patient's experience managing chronic conditions, Dr. Navathe advocated for a proactive care model to prevent costly hospitalizations. He highlighted managing chronic conditions, care fragmentation, and a system focused on healthcare volume rather than health outcomes as major challenges for Medicare. Dr. Navathe suggested policy options, emphasizing a shift in healthcare delivery to address fragmentation, including investments in capabilities like telehealth and care coordinators. He emphasized the need for significant changes to physician payment and practice improvements, citing examples like per-beneficiary, per-month payments (PBPM), the 3PC model by Blue Cross Blue Shield of Hawaii and the Center for Medicare & Medicaid Services' (CMS) Comprehensive Primary Care (CPC) and CPC+ programs. Dr. Navathe recommended expanding alternative payment models (APMs) like accountable care organizations (ACOs) to enhance value-based care.

Steven P. Furr, MD, FAAFP
President, American Academy of Family Physicians

Dr. Furr highlighted how Medicare's underinvestment in primary care and administrative burden are impeding the delivery of high-quality, patient-centered, comprehensive primary care. He emphasized the importance of primary care in managing the growing prevalence of chronic conditions. The current FFS model incentivizes volume over value and does not adequately support the time and effort required for building relationships with patients. This has led to a shortage of primary care physicians (PCP) and decreased access to primary care services. Dr. Furr's policy recommendations include:

- More appropriately valuing the work of primary care within the Medicare Physician Fee Schedule (MPFS);
- Reforming budget neutrality requirements that pit physician specialties against one another while undermining CMS' ability to invest in the services a patient may need;
- Waiving cost sharing requirements that create barriers to beneficiaries' utilization of chronic care management and other primary care services; and
- Providing PCPs and practices with more prospective, sustainable revenue streams that allow them to tailor the care they deliver to their patient's needs.

His testimony also emphasized arrangements and the Chronic Care Management Improvement Act (H.R. 2829) to remove cost-sharing barriers for primary care services and the importance of APMs and value-based payment (VBP) arrangements, and recommended that Congress grant the CMS Innovation Center

flexibility to evaluate primary care models and ensure that APM rewards are reinvested in primary care, not diverted elsewhere.

Patricia L. Turner, MD, MBA, FACS

Executive Director and Chief Executive Officer, American College of Surgeons (ACS)

Dr. Turner, a general surgeon, highlighted how chronic conditions affect surgical outcomes and strain federal health programs. Dr. Turner emphasized that ongoing reductions in Medicare physician payment, budget neutrality, and the lack of an inflationary update create challenges for physicians and patients. She added that rising inflation adds to the financial burden and increased practice costs, and physicians face added pressures, like burdensome Medicare Advantage (MA) prior authorizations. She highlighted the enactment of the Medicare Access and CHIP Reauthorization Act (MACRA) and clarified that many physicians still struggle with the same barriers to improving outcomes and transitioning to modern payment systems that they did prior to its passage. ACS proposes the following for Congress to consider:

- Prevent cuts and implement an update mechanism in the MPFS to account for inflation;
- Eliminate the MPFS budget neutrality requirement or increase the trigger threshold from $20 million to $100 million and index it annually to account for inflation;
- Encourage innovation by incentivizing the testing and implementation of physician-developed, value-based payment models;
- Expressly direct that, at a minimum, a portion of the Innovation Center's budget be devoted to testing APMs recommended by the Physician-Focused Payment Model Technical Advisory Committee; and
- Expand the facility-based scoring option in MIPS to more physicians, sites of services, and all MIPS categories, to reduce reporting burden and incentivize meaningful quality improvements in care delivery.

Melanie Matthews

Chief Executive Officer, Physicians of Southwest Washington (PSW)

Matthews represents PSW, an organization focused on supporting the physician-patient relationship to improve the quality of care working with payer network operations, accountable care models, and advisory and management solutions. She highlighted how accountable care efforts have shown that holding clinicians responsible for total cost of care and patient outcomes improves care, expands access, and saves money for federal programs. Matthews spoke about PSW's Chronic Care Management program that is designed to enhance the quality of life for patients dealing with chronic health conditions. Matthews also shared thoughts on creating incentives for beneficiaries to engage with ACOs and best practices to support provider participation in effective accountable care. In summary, PSW recommends the following solutions to improve participation in ACO/APMs:

- Extend the advanced APM bonus in the short term to demonstrate Congress's bipartisan continued commitment to ensuring better care for patients in traditional Medicare.
- Restructure bonus in the longer term, delinking advanced APM bonuses from volume of services provided and shortening the time between payment and performance.
- Focus on advanced APM policies that simplify and support provider participation and create clear advantages for participating in an advanced APM.
- Strengthen the data infrastructure to support accountable care and population health.

Chair and Ranking Member Opening Statements

Chair Ron Wyden (D-OR)

Chair Wyden highlighted the need for updating and strengthening Medicare to better address the challenges faced by seniors with chronic conditions. Under his leadership, the Finance Committee aims to address reforms in physician payment, care coordination, and the role of MA plans in chronic diseases. Chair Wyden highlighted the persistent shortage of PCPs and inadequate payment that makes primary care a less appealing specialty than other fields. He said that PCPs need to be valued and compensated more and emphasized the importance of improving Medicare's ability to manage chronic conditions.

Ranking Member Mike Crapo (R-ID)

Ranking Member Crapo emphasized the critical role of Medicare in providing healthcare for a growing number of beneficiaries. He recognized that Medicare's policies not only affect the program itself but also set standards for other payers. Ranking Member Crapo said that past bipartisan efforts like the MACRA have not fully succeeded in improving quality and have created administrative burden for providers. He called for MPFS reforms to promote team-based, patient-centered, value-based care.

Key Themes from Questions and Answers

Physician Payment

- In general, witnesses agreed that the costs of providing care have increased and payment has not kept up, particularly when you factor in inflation. Additionally, witnesses recommended increases to the conversion factor and the budget neutrality threshold to prevent specialties from being pitted against one another.
- Chair Wyden was very interested in Dr. Navathe's proposal to provide PCPs with consistent PBPM payments in addition to certain FFS payments. These PBPM payments would be designed to cover the estimated 25% of PCPs activities that are not currently captured in the MPFS, such as care coordination, communication with other providers, addressing social determinants of health, and improving patient and caregiver health literacy.
- Senator Chuck Grassley (R-IA) commented on the Geographic Practice Cost Index (GPCI) floor, which is meant to ensure that physicians in rural states receive fair reimbursement for their services. He wants to ensure that CMS is using the most current and complete input data for GPCIs to determine physician payment.
- Senator Sheldon Whitehouse (D-RI) mentioned his discussion draft that he is working on with Senator Bill Cassidy (R-LA) as a piece of the solution to Medicare physician payment reform. The bill considers a hybrid payment model for primary care and would establish a technical advisory committee (TAC). Dr. Navathe said that these proposals are fundamentally critical to achieving better chronic disease care. He also explained that the TAC will add to, not duplicate, the work of the American Medical Association's RVS Update Committee (RUC) by ensuring CMS has the appropriate tools to manage the MPFS.
- Senator Elizabeth Warren (D-MA) raised concerns with decreased Medicare reimbursement through the MPFS. She called out the RUC for playing an outsized role in determining RVUs, and

the overvaluing of specialty services. She said the methodology used by the RUC favors specialist services over primary care and she supports changes to the RUC processes.

- Senator Ron Johnson (R-WI) asked witnesses to comment on the practice of medicine and they reported that physicians do not get to spend as much time with their patients as they used to because their time is taken up by burdensome paperwork.
- Chair Wyden and Senator Grassley spoke about the benefits of the MA program. They highlighted that traditional Medicare has many constraints whereas MA has the flexibility to meet patients where they are and provide innovative patient benefits like transportation.
- Quality Payment Programs
- Members of the Committee expressed support for quality payment programs and the need for care coordination; however, they recognized the need for improvements.
- Ranking Member Crapo asked about smaller, rural hospitals' participation in the MIPS program and what Congress or CMS can do to incentivize participation in MIPS. Witnesses said that stability in the program is critical to ensure that providers know it is worth participating; providers need financial support for the practices.
- Senator Debbie Stabenow (D-MI) was interested in APMs to improve quality of care. Witnesses said that rural practices need more time to show improvement and smaller practices need upfront support and prospective payments to participate in these programs.
- Senator Whitehouse mentioned his legislation the Value in Health Care Act (S. 3503), which would extend the 5% incentive payment and address ACO cost issues.
- Senator Marsha Blackburn (R-TN) asked about physician experience with MIPS. Witnesses said there is an operational burden in reporting, and it is not clear if measures are relevant to patient care. Witnesses recommended making strong revisions to the MIPS program.
- Senator James Lankford (R-OK) asked witnesses about challenges with ACO models. Witnesses said that CMS must make improvements to new models based on lessons learned from previous or existing models.

Barriers in Access to Care

- Members of the Committee and witnesses commented on the many challenges that physicians face that impact care, including but not limited to physician payment, prior authorization, coding complexity, and other burdensome administrative practices.
- Ranking Member Crapo asked about barriers in access to care, such as prior authorization requirements and step therapy, and the impact of these restrictions. Witnesses commented that while prior authorization initially prevented unnecessary high-cost tests and now has expanded to diagnostics and drugs as well. This can delay access to care as it requires back and forth between the physician and the insurer.
- Senator Lankford asked about providers and hospitals that are no longer taking MA because of prior authorization challenges. Witnesses said that prior authorization was meant to control costs but has increased costs in certain cases and prevents providers from providing the best care possible.
- Senator Blackburn and Senator Warren spoke about consolidation of physician groups and private equity control of physician practices. One witness said that what is motivating physicians to sell their practices is that practice costs are becoming too overwhelming.

Telehealth

- Senator Mark Warner (D-VA) commented in support of preventing and managing chronic conditions by expanding access to telehealth and home-based care.
- Chair Wyden commented on the telehealth provisions that were authorized in the Chronic Care Act, which was passed into law as part of the Bipartisan Budget Act of 2018 (H.R.1892). He said there is a need to expand access to telehealth after the COVID-19 pandemic.

For more information and a recording of the hearing, click here.