



Charles N. Kahn III
President and CEO

October 31, 2022

The Honorable Larry Bucshon, M.D.
2513 Rayburn House Office Bldg.
Washington, DC 20515

The Honorable Ami Bera, M.D.
172 Cannon House Office Bldg.
Washington, DC 20515

The Honorable Kim Schrier, M.D.
1123 Longworth House Office Bldg.
Washington, DC 20515

The Honorable Michael Burgess, M.D.
2161 Rayburn House Office Bldg.
Washington, DC 20515

The Honorable Earl Blumenauer
1111 Longworth House Office Bldg.
Washington, DC 20515

The Hon. Brad Wenstrup, D.P.M
2419 Rayburn House Office Bldg.
Washington, DC 20515

The Honorable Brad Schneider
300 Cannon House Office Bldg.
Washington, DC 20515

The Hon. Mariannette Miller-Meeks, M.D.
1716 Longworth House Office Bldg.
Washington, DC 20515

Dear Representatives Bucshon, Bera, Schrier, Burgess, Blumenauer, Wenstrup, Schneider, and Miller-Meeks:

The Federation of American Hospitals (FAH) appreciates the opportunity to participate in this request for information on the current state of the Medicare Access and Chip Reauthorization Act of 2015 (MACRA), payment mechanism improvements, and improving overall value and access to care. The FAH is the national representative of more than 1,000 leading tax-paying hospitals and health systems throughout the United States. FAH members provide patients and communities with access to high-quality, affordable care in both urban and rural areas across 46 states, plus Washington, DC and Puerto Rico. Our members include teaching, acute, inpatient rehabilitation, behavioral health, and long-term care hospitals and provide a wide range of inpatient, ambulatory, post-acute, emergency, children's, and cancer services.

Medicare Physician Fee Schedule Fix

As hospitals, physicians and other Medicare providers continue to face historic fiscal and operational challenges from record inflation to unprecedented workforce shortages and the ongoing repercussions of the COVID-19 pandemic, Congressional action is again needed before the end of the year to prevent destabilizing and unsustainable payment reductions from taking effect. In July, CMS issued its 2023 Medicare physician fee schedule Proposed Rule, which proposed a 4.5 percent payment cut. Congress stepped in last year to provide partial relief from CMS' 2022 fee schedule payment cuts, but without intervention from Congress, physicians and primary care providers again face a dramatic payment decrease. When combined with the current 2 percent Medicare sequester, the threat of PAYGO cuts, and other expiring provisions, clinicians across the country find themselves in an untenable position. We encourage lawmakers to intervene again, and to also look beyond recurring patchwork legislation to a permanent policy solution. Updating the Medicare physician payment system to include annual increases that account for inflation would offer financial stability and predictability to providers across the country.

Recommendations to Improve Merit-Based Incentive Payment System (MIPS) and Alternative Payment Model (APM) Programs

Upcoming changes in Medicare payment to physicians will substantially undermine APM and Accountable Care Organization (ACO) stability and slow the transition to value-based care. Most notable are the expiration of the ability to earn the five percent APM bonus incentive payment and the increase in the thresholds of payments or patients that will be required to reach qualifying participant eligibility.

The FAH is very troubled that qualifying APM participant quality program (QP) thresholds are scheduled to increase to 75 percent for payments and 50 percent for patient counts in 2023. CMS has estimated that this increase, along with the lack of financial incentives for Advanced APMs (AAPMs), could lead to nearly 100,000 fewer QP clinicians in 2023. We urge Congress to provide CMS with the authority to address the quality measure reporting variability in Quality Payment Program (QPP) in light of the disruptive impact that the pandemic has had on the reliability of the underlying data driving the measure scores and to create a process to address future reporting disruptions.

Additionally, Congress should swiftly pass the Value in Health Care Act of 2021 (H.R. 4587), which we have endorsed and appreciate those who introduced the bill. This bill reinforces the shift to value-based care by extending the five percent AAPM incentive payments for an additional six years and authorizes a study of the overlap of various Medicare APMs. Further, the bill includes important reforms to strengthen Medicare's value-based care models and ACOs to help ensure that these models continue to produce efficient, high-quality care for the Medicare program and its beneficiaries, and generate savings for taxpayers.

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The FAH appreciates your leadership and the opportunity to offer these insights. We are committed to working with you to ensure America's seniors have access to the highest quality care possible and that Medicare payments to physicians and hospitals support that goal. If you have any questions or would like to discuss further, please do not hesitate to contact me or a member of my staff at (202) 624-1534.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew M. Hanft". The signature is fluid and cursive, with a large, stylized initial "A" and "H".