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April 26, 2024
Michael Chernew, Ph.D.
Chairman
Medicare Payment Advisory Commission
425 I Street, NW, Suite 701
Washington, D.C. 20001

Dear Dr. Chernew:

On behalf of AMGA, we appreciate the opportunity to provide comments on MedPAC's April 11 discussion regarding approaches for updating the Medicare physician fee schedule (PFS).

Founded in 1950, AMGA is a trade association leading the transformation of health care in America. Representing multispecialty medical groups and integrated systems of care, we advocate, educate, innovate, and empower our members to deliver the next level of high-performance health. AMGA is the national voice promoting awareness of our members' recognized excellence in the delivery of coordinated, high-quality, high-value care. There are over 177,000 physicians practicing in our member organizations, delivering care to more than one in three Americans. Our members are also leaders in value-based care delivery, focusing on improving patient outcomes while driving down overall healthcare costs.

AMGA appreciates the Commission's acknowledgement that the current system for providing annual physician payment updates under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) needs to be reformed. We also share your concerns about the lack of incentives to participate in Advanced Alternative Payment Models (A-APMs).

As discussions around replacing MACRA begin to take shape, we want to address the misconception that physician compensation is an appropriate proxy for determining the adequacy of Medicare reimbursement under the physician fee schedule. AMGA is concerned the Commission's first proposed approach to PFS updates, which would only provide annual increases to the practice expense portion of fee schedule payment rates, is based on the assumption that physician compensation is closely linked to PFS rates, rather than local market conditions.

In the experience of our members, physician compensation and Medicare reimbursement are not directly related. While it is true that some physician compensation packages are based on the resource-based relative value scale (RBRVS) units assigned to procedures or patient-visit types, most income packages new physicians are offered are determined primarily by regional market factors and compensation surveys, including AMGA physician compensation surveys.

From smaller physician group practices to larger integrated health systems, the competitive physician labor

market drives the cost to recruit and retain physicians, not Medicare payment rates. This is especially true now, as the nation grapples with a growing physician shortage. Changes in the conversion factor, for example, while important to the group practice and their ability to cover their expenses, do not influence the compensation package offered to physicians. Instead, competitive pressures are increasing the cost for AMGA members to recruit and retain physicians, while our members also contend with declines in Medicare reimbursement relative to inflation.

AMGA also appreciates MedPAC is focused on ensuring Medicare beneficiaries enjoy meaningful access to high quality medical care. However, AMGA contends that access to care is a lagging indicator of inadequate Medicare reimbursement. AMGA agrees with Dr. Jaffery's concerns about access to care and the importance of getting ahead of access issues, as opposed to reacting to them. Incorrectly assuming that payment for physician work is adequate based off unrelated indicators, such as physician compensation, could lead policymakers to design a payment system based on flawed assumptions that compromises access to care in the future.

AMGA would like to thank MedPAC for its ongoing work in support of the transition to value-based care. AMGA agrees with MedPAC that the transition will take a considerable amount of time. Additionally, the COVID-19 pandemic and subsequent inflation and workforce shortages delayed this transition for many providers. However, despite this reality, the timelines for A-APM bonuses under MACRA remain unchanged. Providers need more time to move towards value, and this move requires incentives. We appreciate the Commission's understanding of the importance of maintaining the A-APM bonuses.

AMGA would be pleased to meet with MedPAC to discuss our members' experiences and expertise in Medicare Advantage, value-based care, or other issues of interest to the commission.

We thank you for your consideration of our comments. Should you have questions, please do not hesitate to contact AMGA's Darryl M. Drevna, Senior Director of Regulatory Affairs, at 703.838.0033 ext. 339 or at ddrevna@amga.org.

Sincerely,

A handwritten signature in cursive script that reads "Jerry Penso".

Jerry Penso, MD, MBA
President and Chief Executive Officer, AMGA