



June 10, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Upton:

On behalf of the Board of Directors of the American Medical Group Association (AMGA), I am writing today to thank you for your unwavering leadership and persistence in pursuing a solution to the flawed Medicare physician sustainable growth rate (SGR) formula. We greatly appreciate that fixing the SGR has been the highest priority of your Committee and commend the hard work you and your staff has dedicated to this important health care issue. It is an honor to provide you with our comments on "SGR Reform: Questions for Feedback" concerning your discussion draft legislation released on May 28, 2013.

AMGA represents multi-specialty medical groups and other organized systems of care, including some of the nation's largest, most prestigious integrated health care delivery systems. Specifically, we represent 430 medical groups that employ nearly 130,000 physicians who treat more than 120 million patients annually. A substantial number of these patients are Medicare beneficiaries. We therefore have a significant interest in the development and implementation of a Medicare payment structure that can provide long-term stability for these patient populations, their physicians, and movement toward a value-based payment system.

We are again deeply concerned about the scheduled 25 percent reduction in Medicare physician reimbursement slated to take place January 1, 2014. While AMGA greatly appreciates the temporary SGR reprieves Congress has provided in the past, the 'start and stop' represented by the passage of those short-term patches, as well as the uncertainty of their occurrence, has resulted in unreliable access to health care for Medicare beneficiaries and financial hardship for the nation's entire medical community. Our members understand the challenges of fixing the SGR, but the recently reduced Congressional Budget Office (CBO) score for repealing the formula is an opportunity that Congress cannot pass up. This is your best chance to finally reform Medicare's reimbursement system to reward for quality and performance, thus measurably improving care for Medicare beneficiaries. Now is the time for Congress to act.

As we stated in earlier comments filed in response to the joint framework iterations released by the Committees on Energy and Commerce and Ways and Means, AMGA members have been in the forefront of providing innovative, efficient health care that emphasizes care coordination, the use of information technology and evidence-based medicine, and a quality patient experience in

order to achieve better outcomes at a lower cost. Because our members have long been on the cutting edge of health care quality and innovation, AMGA decided to take a leadership position in defining what constitutes a high-performing health system to educate legislators, insurers, and the public on the unique attributes of these systems. Our members and the AMGA Board of Directors drafted and approved the attached definition of the term high-performing health system. We believe that you can use the attributes encompassed in this definition to transition Medicare from a volume-oriented system to one that rewards for value.

It is our understanding that Phase I of your proposal would repeal SGR and provide for a period of predictable, statutorily-defined payment rates. Following this period of stability, physician fee schedule payment updates will be based on performance of meaningful, physician-endorsed measures of care quality and participation in clinical improvement activities. In that light, AMGA would like to encourage you to develop a new category or 'bucket' that would reward high-performing health systems that can demonstrate they are conducting the activities outlined in our attached definition: an efficient provision of services, an organized system of care, quality measurement and improvement activities, care coordination, use of information technology and evidence-based medicine, compensation practices that promote the previously listed objectives, and shared financial and regulatory responsibility and accountability.

Rather than provide rewards to individual physicians, this new high-performing health systems category would reward multi-specialty medical groups or other organized systems of care that have demonstrated success managing the per capita cost of health care, improving the overall patient experience, and improving the health of their respective population and/or population cohorts. For definitional purposes, organized systems of care are integrated systems, either internally, or through partnerships with other care sites, such as acute care hospitals, inpatient rehabilitation facilities, skilled nursing homes, and hospices. In addition, organized systems of care include physicians as the principal leaders of all clinical programs. Organized systems of care also assume accountability for coordination across transitions of care. Ultimately, this new category we are proposing would incentivize care coordination, via a team-based approach that engages the patient, the clinician, and other members of the health care team to improve the patient's well-being.

At the federal level, high-performing health systems that successfully meet certain criteria, which may be phased-in over time, would be rewarded. These systems would be provided with payment updates. However, systems that fail to meet the criteria would not be eligible for updates. Accordingly, this proposal could be implemented in a budget-neutral manner. At the group level, we believe that high-performing health systems should use compensation structures that align incentives to physicians and licensed and certified medical professionals with improved health and outcomes of patient populations. Such practices could include patient experience surveys and quality and efficiency metrics.

We are very encouraged to see that a focus on quality measures and clinical improvement activities has taken a central role in your draft legislation. Systematic quality measurement and improvement activities are essential for a patient-centered, value-based approach to health care delivery. Specifically, the measures and activities that organized systems of care should be conducting are: preventative care and chronic disease management for targeted groups of patients; ongoing patient outreach programs, such as patient registries, participation in continuous learning, and the conduct of benchmarking on utilization rates and patient outcomes with other peer groups; the use of research to validate clinical processes and outcomes data to determine effectiveness; external reporting and transparent internal reporting on clinical outcomes, variability, and timely performance improvements; and the conduct of patient experience surveys which would be made available publicly.

AMGA strongly believes that meaningful educational offerings should be made available to help educate physicians and other health care providers concerning the benefits of quality measurement and improvement activities. With over a decade of experience in running shared learning collaboratives, AMGA knows how to engage physicians and care teams in improving performance in quality and efficiency. Many of AMGA's collaboratives focus on specific chronic illnesses, such as hypertension, heart failure, diabetes, or chronic obstructive pulmonary disease. Medical groups that participate in learning collaboratives collect data on the same specific measures to create comparative data. This data is then shared among peers within the collaborative and the results are used to redesign care processes in order to improve outcomes for specific patient populations. These unique peer-to-peer learning environments offer experiences to medical group participants that lead to organizational changes which increase the quality and efficiency of care for a large number of patients.

Lastly, reducing financial and regulatory burdens on health systems, wherever possible, is essential to the successful reform of the current fee-for-service system and the transition to alternative payment models. An example of such a burden that could be mitigated is the premium tax included in the Affordable Care Act. A number of AMGA member groups have provider-sponsored health plans that will have to contend with this looming tax. This tax could undermine their ability to provide quality care to patients, as well as continue making the structural and behavioral changes that are necessary in order to become a high-performing health system. While we deeply appreciate the Committee's focus on Medicare payment reform, we would encourage the Chairman to examine the potential negative impact this upcoming premium tax could have on provider-sponsored health plans.

We ask that you carefully examine the activities outlined in further detail in our attached definition of a high-performing health system, as we believe it can be used by the Committee to successfully meet its goals of fairness and fidelity in implementing a quality-based method of payment that promotes provider collaboration and the sharing of best practices. It is our hope that the definition can be used in both the legislative and regulatory arenas, and will ultimately prove

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foundational to providing high-performing health systems with greater financial and regulatory predictability. Thank you for your efforts to address the flawed SGR formula and for your careful consideration of my comments. As always, AMGA members and I stand ready to work with you on reforming the nation's Medicare program.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald W. Fisher".

Donald W. Fisher, Ph.D.
President and CEO

Attachment

CC: The Honorable Henry A. Waxman
Ranking Member
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Joe Pitts
Chairman, Health Subcommittee
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515