



May 31, 2013

The Honorable Max Baucus
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Hatch,

On behalf of the Board of Directors of the American Medical Group Association (AMGA), I am writing today to commend you for your leadership to address the flawed Medicare physician sustainable growth rate (SGR) formula. We greatly appreciate your recognition of this problem, as well as the time and energy your staffs are dedicating to this important health care issue. It is our honor to provide comments in response to your recent letter to the health care provider community.

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, the Association represents 430 medical groups that employ nearly 130,000 physicians who annually treat more than 130 million patients in 49 states. A sizable number of these patients are Medicare beneficiaries. We therefore have a strong interest in the development and implementation of a Medicare payment structure that provides long-term stability for their patient populations, their physicians, and movement toward a value-based payment system.

While AMGA greatly appreciates temporary SGR reprieves, we are extremely concerned about the scheduled Calendar Year 2014 25 percent reduction in Medicare physician reimbursement, absent Congressional intervention. While we appreciate previous congressional reprieves, as you know, the constant 'start and stop' represented by the passage of those short-term SGR patches has not only impacted AMGA members, it has resulted in uncertain access for Medicare beneficiaries and financial hardship for the nation's medical community.

AMGA recognizes that Congress constantly faces multiple and competing priorities. We are also keenly aware of our country's fiscal condition and existing budget constraints. While AMGA members realize the challenge of fixing SGR and welcomed the current temporary SGR patch, a longer-term if not permanent solution would provide patients and medical groups with greater certainty and stability. In addition, a longer-term solution would reduce administrative costs – federal and private – that accumulate from the application of these short-term patches. A longer-term solution will also provide Congress with the opportunity to reform Medicare's

reimbursement system to reward for quality and performance, thus measurably improving care for Medicare beneficiaries.

In order to reform payment to physicians under the Medicare Physician Fee Schedule, AMGA would like to encourage you to develop a new category or 'bucket' within the SGR formula that would reward high-performing health systems for quality of care rather than for quantity of care. Rather than provide rewards to individual physicians, this new 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 population cohorts. These systems would be provided with payment updates. However, systems that fail to meet the criteria would not be eligible for updates. This could be implemented in a budget-neutral manner. Rewarding high-performing health systems will steer Medicare toward a durable physician payment system that will preserve access to the highest quality health care for Medicare beneficiaries.

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. Coordinating the care of patients in this manner reduces inappropriate and excessive utilization of physician-related services that can negatively impact beneficiary health and drive up Medicare spending.

Last year, the AMGA Board of Directors approved the attached definition of the term, high-performing health systems. 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.

Organizations that meet the definition of high-performing health systems are more likely to utilize physician services appropriately. Care coordination, as performed in the team-based and collaborative delivery model outlined in this definition, lessens disease burden and unnecessary hospitalizations. Patients receive just the services they require, not more, nor less.

However, systematic quality measurement and improvement activities are essential for a patient-centered, value-based approach to health care delivery. AMGA believes these include an emphasis on preventive care and wellness, plus chronic disease management programs and on-going patient outreach to improve the health of the populations served. In addition, high-performing health systems participate in continuous learning and conduct benchmarking on utilization rates and patient outcomes with other organizations. Further, high-performing health systems report on clinical outcomes at the group level and track care team performance internally.

AMGA believes that high-performing health systems should assume shared financial responsibility and accountability for successfully managing the per-capita costs of their patient population(s), improving the overall patient experience, and improving the health of their patients. In this manner, risks and rewards will be more closely aligned and tied to organizational performance.

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, such as chronic disease measures, compliance with prevention strategies within a patient population, and cost of care measures.

AMGA believes that in order to shift from a fee-for-service system to one that rewards quality, current quality reporting burdens must be streamlined. This is one concept that will help incentivize physicians to make the necessary structural and behavioral changes to drive this transition. One example of a burdensome reporting mechanism currently in use is the Group Practice Reporting Option (GPRO) web-based tool utilized in the Physician Quality Reporting System. The GPRO requires medical group staff to perform extensive manual chart abstraction and confirmation of much of the data, which is costly and burdensome, often necessitating the hiring of additional staff to complete. This problem could be eliminated by moving to electronic measures (eMeasures), which are standardized performance measures in electronic format. eMeasures can promote greater consistency and confidence in measure development and in comparing performance results.

AMGA believes that the federal government should ultimately move toward the development of eMeasures that can be reported directly from a medical group's Electronic Health Record (EHR). We recognize that a Centers for Medicare and Medicaid Services (CMS) pilot program is underway to test this process, and we applaud such efforts. However, this reporting option must be disseminated more widely throughout the health care delivery system in order to spur necessary improvements in efficiency. High-performing health systems are more likely to have made investments in the systems necessary for reporting directly from their EHR, and we believe that the entire health care delivery system should be moving in this direction.

While transparently reporting performance is a key attribute of a high-performing health system, AMGA believes that an appeals system is required to assure fairness and accuracy of reporting so that a system can request a re-determination related to the evaluation of certain performance and quality measures. This appeals process should not be unduly burdensome or costly for high-performing health systems as are certain federal review processes presently in use, like those connected to the Recovery Audit Contractor and the Administrative Law Judge processes. After all, most existing appeal processes require groups or individual physicians to re-validate hundreds of medical records and locate any errors that are then submitted to the appropriate governing body. A bright line – meaning clear, defined, and unambiguous technical specifications for performance measurement standards – which leaves little or no room for varying interpretation – is necessary. In the best interest of all parties, the bright line would need to be established early on – at the very beginning of the performance measurement and reporting program. The goal of the bright line would be to produce fair and accurate measurement and

reporting results, which would ultimately reduce the number of appeals and simultaneously reduce the potential increased burden on practicing physicians.

Reducing financial and regulatory burdens on health systems, wherever possible, should be a pivotal part of changes to the current fee-for-service system as well as 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 care to patients and continue the structural and behavioral changes necessary to become a high-performing health system. While we deeply appreciate the Committee's focus on Medicare payment reform, we would strongly encourage the Chairman and Ranking Member to examine the potential negative impact this upcoming premium tax will have on provider-sponsored health plans.

We believe that Congress can use our attached definition of a high-performing health system as a means to reward existing systems and incentivize structural and behavioral changes in others as our health care landscape continues to grow and evolve. Developing this definition was not easy. Although not all AMGA members currently meet these criteria, we believe that all should aspire to make these goals a reality. It is our hope that the definition can be used in both the legislative and regulatory arenas, and will ultimately prove foundational to providing high-performing health systems with greater financial and regulatory predictability.

Thank you again for your efforts to address the flawed SGR formula and for your careful consideration of my comments. Attached for your review, is a copy of the definition of high-performing health systems. As always, AMGA members and I stand ready to work with you on reform of the nation's Medicare program, especially those dealing with physician reimbursement issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'Donald W. Fisher', written in a cursive style.

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

Attachment