



February 6, 2013

The Honorable David Camp  
Chairman, House Ways and Means Committee  
341 Cannon House Office Building  
Washington, DC 20515

Dear Chairman Camp:

On behalf of the Board of Directors of the American Medical Group Association (AMGA), I am writing today to commend you for your leadership in developing principles to address the flawed Medicare Sustainable Growth Rate (SGR) formula. In addition, I respectfully request that as part of your reforms that you consider developing a new category or “bucket” within the SGR formula that rewards quality of care rather than quantity of care.

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 will provide long-term stability in physician payments, and support a value-based payment system.

While AMGA greatly appreciates temporary SGR reprieves, we are extremely concerned about the potential 25 percent reduction in Medicare reimbursement that is scheduled to take place on January 1, 2014, absent Congressional intervention. The constant start and stop represented by the passage of these temporary short-term SGR patches has not only impacted AMGA members, it has resulted in financial hardships for the medical community nationwide.

AMGA is keenly aware of our country’s fiscal condition and existing budget constraints. We also recognize that a long-term solution may not be financially feasible in the current economic climate.

We greatly appreciate your recognition of this problem and your White Paper entitled, “Overview of SGR Repeal and Reform Proposal.” We found your four-step approach to address the SGR to be very thoughtful. In order to bring Medicare reimbursement into the 21<sup>st</sup> century, you indicated that you would like to reward “physicians who deliver high-quality and efficient care rather than continuing the current system that encourages volume and unnecessary spending.” In that light, AMGA would like to encourage you to develop a new category or

'bucket' within the SGR formula that rewards high-performing health systems for quality of care rather than for quantity of care.

To this greater goal, I am pleased to report that the AMGA Board of Directors and the AMGA Public Policy Committee recently approved a definition for the term, "high-performing health systems." We believe that Congress can use the following attributes, which are encompassed in this definition, to transition to a Medicare payment system that rewards for value.

### **Organized System of Care**

AMGA believes that an "organized system of care" provides the continuum of care, including prevention and ambulatory care, for patient populations. 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.

### **Quality Measurement and Improvement Activities**

AMGA believes that quality measurement and improvement activities are essential in order to provide a patient-centered, value-based approach to health care delivery. AMGA envisions that such activities would include preventive care and chronic disease management programs for targeted groups of patients, and conduct on-going patient outreach programs, such as patient registries, to improve the health of these populations. In addition, high-performing health systems should participate in continuous learning opportunities and conduct benchmarking on utilization rates and patient outcomes with other peer groups. Furthermore, high-performing health systems should report on clinical outcomes and enact timely performance improvement activities. Some AMGA members are currently using Anceta, a health care informatics and analytics company, to collect health information and translate that data into evidence-based practice. This data warehouse is the only national effort that collects and shares critical information across non-affiliated medical groups. This means that a medical clinic in the Midwest can track patients with Type 2 diabetes, including prescribed medications and overall outcomes, and then compare its patient data with a similar patient cohort on either coast. This comparative data can highlight opportunities for cost savings, such as using less expensive drugs to achieve comparable outcomes.

### **Care Coordination**

AMGA members understand that patients often see multiple providers across different settings. We believe it is critical for providers to share clinical information with other providers, monitor patient status in-between visits, and fully communicate with patients about self-care. Without such care management, patients are likely to be frustrated, medical errors are more likely to occur, along with unnecessary and costly utilization of health care services. That is why AMGA's definition of high-performing health systems would incentivize 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.

AMGA believes that care coordination requires a single plan of care across health care settings and across health care providers who furnish care to the patient. In addition, care coordination includes shared decision-making, which is a true collaboration between the patient and the health care provider that empowers the patient in the decision-making process. Under shared decision-making, the patient is provided with objective information concerning: (1) the risk or seriousness of their disease or condition to be prevented or treated; (2) available treatment alternatives; and (3) the costs and benefits of available treatment alternatives.

### **Use of Information Technology and Evidence-Based Medicine**

AMGA believes that high-performing health systems meaningfully use interoperable information technology and, scientific evidence to aid in clinical decision-making and improve patient safety. Information technology can also help monitor patients and track preventive services and aid in the prescribing of prescriptions drugs.

### **Compensation Practices That Promote the Above-Listed Objectives**

High-performing health systems use compensation structures that provide incentives to physicians and licensed and certified medical professionals to improve the health and outcomes of patient populations. Such practices could include patient experience surveys and quality metrics, such as chronic disease measures and compliance with prevention strategies within a patient population.

### **Accountability**

Ultimately, the high-performing health system assumes shared financial and regulatory responsibility and accountability for successfully managing the per-capita cost of health care, improving the overall patient experience, and improving the health of their respective populations.

### **Conclusion**

We believe that Congress can use the attributes we have outlined in our definition to reward high-performing health systems for successfully managing the per capita cost of health care, improving the overall patient experience, and improving the health of its respective populations.

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 for your efforts to address the flawed SGR formula and for your careful consideration of my request. As always, AMGA members and I stand ready to work with you on Medicare physician reimbursement issues and other important health care issues.

Sincerely,

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

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

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