AMGA
Advancing High Performance Health

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June 10, 2025

The Honorable Dr. Mehmet Oz
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-1850

Re: [CMS 1833-P] Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Policy Changes and Fiscal Year 2026 Rates; Requirements for Quality Programs; and Other Policy Changes

Dear Administrator Oz:

On behalf of AMGA, we appreciate the opportunity to comment on the Centers for Medicare & Medicaid Services (CMS) Fiscal Year (FY) 2026 Inpatient Prospective Payment (IPPS) and Long-Term Care Hospital (LTCH) proposed rule.

Founded in 1950, AMGA is a trade association leading America's health care transformation. 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. Over 177,000 physicians practice 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 is pleased to offer comments on the FY 2026 Inpatient Prospective Payment System (IPPS) Proposed Rule for your consideration. Specifically, we are providing comments on the following proposals:

Payment Rate Update

- AMGA believes the proposed IPPS payment update for Part A does not account for continued financial pressures health systems are facing.

Increase to Uncompensated Care Payments to Disproportionate Share Hospitals

- AMGA strongly supports CMS's proposed increase in Disproportionate Share Hospital (DSH) uncompensated care payments for FY 2026, recognizing it as essential to maintaining access to care amid rising uninsured rates and projected declines in federal

Medicaid funding.

Removal of the Low Wage Index Policy

- AMGA supports CMS's proposal to discontinue the low wage index policy in FY 2026 but remains concerned that other budget-neutral wage index policies may continue to disadvantage providers in high-cost regions.

Graduate Medical Education

- AMGA underscores the importance of expanding GME slots and ensuring efficient redistribution of unused slots to address ongoing physician workforce shortages.

Changes to Quality Reporting Programs

- AMGA appreciates CMS's continued efforts to refine quality reporting programs in ways that reduce provider burden and enhance measure reliability. We support the proposed streamlining of measures and the inclusion of Medicare Advantage beneficiaries, updated risk models, and performance periods that provide more timely and accurate data. However, AMGA urges CMS to retain a focus on social risk factors, ensure feasibility and clinical value in new well-being measures, and recognize the importance of digital tools and telehealth in advancing coordinated, value-based care.

Changes to the Transforming Episode Accountability Model (TEAM)

- AMGA supports the proposed use of the Community Deprivation Index, the expansion of the Skilled Nursing Facility (SNF) 3-day rule waiver, and alignment of TEAM quality measures with the IQR program. We urge CMS to permanently eliminate the outdated 3-day SNF requirement to better reflect modern care delivery practices and standards.

Our detailed comments follow.

Payment Rate Update

AMGA is concerned that the proposed 2.4% increase in the FY 2026 Inpatient Prospective Payment System (IPPS) does not adequately reflect the escalating costs confronting health systems. This modest update, derived from a 3.2% market basket increase offset by a 0.8% productivity adjustment, falls short of addressing the financial pressures health systems face due to inflation, rising labor expenses, and the adoption of new medical technologies. This situation—a reimbursement system that does not reflect actual costs—mirrors AMGA's concerns in Medicare Part B, where providers are experiencing payment reductions. Specifically, the 2025 Medicare Physician Fee Schedule (PFS) final rule includes a 2.83% decrease in the conversion factor, marking the fifth consecutive year of payment reductions for physicians. While Medicare's reimbursement structure looks at these payment systems in isolation, AMGA members see them as intrinsically linked.

The combination of modest increases in Part A payments and reductions in Part B reimbursements undermines financial sustainability of AMGA members, both on the inpatient and ambulatory sides. Without adjustments that more accurately reflect the actual cost increases, hospitals and clinicians may struggle to maintain service levels, potentially impacting patient access to care.

Increase in Uncompensated Care Payments for Disproportionate Share Hospitals
AMGA strongly supports CMS's proposal to increase Disproportionate Share Hospital (DSH) uncompensated care payments to $7.291 billion in FY 2026. Data from the National Health Expenditure Accounts (NHEA), produced by the CMS Office of the Actuary in February 2025, estimated a projected increase in uninsured individuals from 7.6% in FY 2025 to 8.5% in FY 2026.[1] This estimate was driven primarily by the scheduled expiration of enhanced Marketplace subsidies under the Inflation Reduction Act, modest gains in employer-sponsored insurance, and a decline in Medicaid enrollment following the end of the pandemic-era continuous coverage provisions. We emphasize that this estimate is likely modest, considering recent legislative proposals. AMGA members serve patients in communities where financial barriers, lack of coverage, and unmet social needs drive high rates of uncompensated care. CMS's proposal acknowledges the urgent need to support safety-net providers and preserve access to essential services for vulnerable populations nationwide.

Removal of the Low Wage Index Policy
AMGA supports CMS's proposal to discontinue the low wage index policy beginning in FY 2026. Originally implemented in FY 2020 to support hospitals with wage indexes below the 25th percentile, this temporary policy has led to unintended distortions in the Medicare wage index system by redistributing resources away from providers in higher-wage areas, including many AMGA members who already operate with narrow margins. The discontinuation of this policy is an appropriate step toward restoring fairness and consistency to the wage index.

However, AMGA remains concerned about the cumulative budget-neutrality adjustments associated with other wage index policies (including the rural floor, permanent cap, and Medicare Geographic Classification Review Board reclassifications) which continue to shift payments in ways that may disadvantage providers in high-cost labor markets. As CMS updates the wage index using more recent cost reporting data, we urge the agency to ensure the methodology fairly accounts for regional variations in labor costs and does not penalize organizations that are investing in workforce stability and access to care in complex markets.

Graduate Medical Education
AMGA supports CMS's ongoing efforts to clarify Graduate Medical Education (GME) and Indirect Medical Education (IME) Full Time Equivalent (FTE) calculations and appreciates the continued transparency in the residency slot redistribution process following hospital closures. Given persistent physician workforce shortages across the country, we advocate for increasing the number of GME slots and ensuring that available positions are redistributed efficiently to hospitals and systems that are well-positioned to train the next generation of clinicians.

Changes to Quality Reporting Programs
AMGA appreciates CMS's continued efforts to refine quality reporting programs in ways that reduce provider burden and improve measure reliability and offers comments on proposals for Quality Reporting Programs in FY 2026.

Hospital Inpatient Quality Reporting Program – Proposed Measure Removals
AMGA supports the agency's goal of aligning the Inpatient Quality Reporting (IQR) Program with core quality principles and minimizing redundant or low-value reporting. AMGA's Value

[1] https://www.cms.gov/files/document/certification-rates-uninsured-2025-final-rule.pdf

Measure Set, reflected in CMS's Universal Foundation of Measures, underscores our strong position on emphasizing patient centered measures and eliminating duplicative reporting requirements.

However, we are concerned about the proposed removal of all health equity-related measures, including the Hospital Commitment to Health Equity and Social Drivers of Health measures. Developing care plans for patients that account for personal, environmental, and social situations is a critical component of high-value care. Even if such measures are not retained in their current form, we urge CMS to explore alternative mechanisms for recognizing hospital-level efforts to identify and address patient-level social risk factors and disparities.

These measures—Hospital Commitment to Health Equity, Screening for Social Drivers of Health, and Screen Positive Rate for Social Drivers of Health—are foundational to advancing high-quality care for all patients.

- **Hospital Commitment to Health Equity**
  This structural measure evaluates whether hospitals are building the infrastructure necessary to address health disparities. Evidence shows that leadership engagement, staff training, and community partnerships are essential to ensure all patients receive the highest quality care.
- **Screening for and Reporting on Social Drivers of Health**
  The Screening for Social Drivers of Health and the Screen Positive Rate measures are essential for identifying and addressing the non-clinical factors that significantly influence patient outcomes. Research consistently shows that social determinants—such as housing instability, food insecurity, and lack of transportation—account for up to 80% of health outcomes.[2] Removing these measures would undermine efforts to systematically identify and respond to these needs.

These three measures are not administrative burdens—they are essential tools for transparency, accountability, and improvement for all patients. They reflect the values of our profession and the needs of our communities. AMGA respectfully requests CMS retain these measures in the IQR Program and continue to lead the nation toward a more equitable and responsive healthcare system.

Measurement Strategy – Nutrition and Well-Being
AMGA supports CMS's interest in new measure concepts focused on well-being, nutrition, and related domains such as sleep and physical activity. However, we caution that such measures must be feasible to report, clinically meaningful, and integrated into existing workflows to avoid undermining progress toward value-based transformation. We encourage CMS to assess provider-facing burden early in the development process and to coordinate these efforts with parallel measurement initiatives across care settings.

[2] Magnan, S. 2017. Social Determinants of Health 101 for Health Care: Five Plus Five. NAM Perspectives. Discussion Paper, National Academy of Medicine, Washington, DC.

MA Population Inclusion, Performance Periods, and Risk Model Updates
AMGA supports CMS's proposal to include Medicare Advantage (MA) beneficiaries in the stroke, joint replacement, and readmission measures across hospital quality reporting programs. Including MA populations will improve the accuracy of performance comparisons and better reflect the full range of patient populations served by our members. We also support CMS's move to shorten the performance period from three to two years, which will provide more timely data to hospitals and consumers. At the same time, we urge CMS to monitor the statistical reliability of these measures, particularly for low-volume hospitals or specialties.

With respect to risk adjustment, AMGA supports CMS's plan to transition from Hierarchical Condition Categories (HCCs) to International Classification of Diseases (ICD)-10 codes, as this shift reduces incentives for upcoding and ensures more clinically grounded comparisons. This approach aligns with broader CMS efforts to refine and simplify risk models while supporting innovation.

Medicare Promoting Interoperability Program
AMGA supports the proposal to codify the 180-day Electronic Health Record (EHR) reporting period and recognizes the role that digital health tools play in modernizing care. As CMS considers new interoperability and public health data exchange policies, we urge the agency to acknowledge how such tools facilitate care coordination, reduce administrative friction, and enable providers to proactively engage patients in managing chronic conditions.

Clarification to the Extraordinary Circumstances Exception Policy
AMGA supports CMS's proposal to codify the Extraordinary Circumstances Exception (ECE) policy across hospital quality reporting programs. Formalizing this policy will provide hospitals with needed clarity and flexibility when facing events beyond their control that impede timely data submission. By allowing a single, streamlined request across multiple programs and reinforcing CMS's discretion to grant relief as appropriate, this proposal reflects a practical and compassionate approach to quality reporting that supports hospitals in continuing to prioritize patient care during times of crisis.

TEAM Model
AMGA supports CMS's proposal to replace the Area Deprivation Index (ADI) with the Community Deprivation Index (CDI) in the Transforming Episode Accountability Model (TEAM), as CDI offers a more nuanced approach to capturing beneficiary-level social risk, particularly in underserved communities. We believe this change enhances the accuracy of risk adjustment and supports fairer benchmarking for participating hospitals.

In addition, AMGA supports the proposed expansion of the Skilled Nursing Facility (SNF) 3-Day Rule Waiver within TEAM. This waiver has proven to be a valuable tool in improving care transitions and reducing unnecessary inpatient stays. However, we urge CMS to take broader action and move to permanently eliminate the outdated 3-day SNF requirement across all Medicare programs. This policy no longer reflects the realities of modern care delivery, imposes unnecessary delays and costs, and runs counter to CMS's goals of promoting timely, patient-centered post-acute care. Removing the 3-day rule entirely would not only support better outcomes but also allow providers greater flexibility in tailoring care based on clinical need rather than arbitrary time thresholds.

Finally, AMGA applauds CMS for aligning TEAM quality measures with the Hospital Inpatient Quality Reporting (IQR) Program, as such alignment will reduce duplicative reporting, promote consistency across programs, and allow providers to focus on improving care using standardized metrics. Harmonizing quality requirements also eases administrative burden and enhances data usability for benchmarking and value-based decision-making.

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,

Jerry Penso, M.D., M.B.A.
President and Chief Executive Officer, AMGA