

The Honorable Morgan Griffith
Energy & Commerce Committee
Subcommittee on Oversight & Investigations
2202 Rayburn House Office Building
Washington, DC 20515

The Honorable Kathy Castor
Energy & Commerce Committee
Subcommittee on Oversight & Investigations
2052 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Griffith and Ranking Member Castor:

On behalf of the agilon health Network of physicians, which is comprised of 2,700+ of all primary care physicians nationwide, we write in support of the Subcommittee's efforts to reform Medicare physician payment policy under the Medicare Access and CHIP Reauthorization Act (MACRA). We are encouraged by the bipartisan approach to examine and address ongoing Medicare challenges affecting our practices and the care we provide to our senior patients. In response to the June 22, 2023 hearing entitled *MACRA Checkup: Assessing Implementation and Challenges that Remain for Patients and Doctors*, we would offer our policy recommendations.

About agilon health Physician Network

agilon health is the trusted partner empowering primary care physicians to transform health care through full-risk, value-based care. Today, groups within the agilon Network of physicians' care for nearly 500,000 senior Medicare patients within both rural and urban communities across 14 states. The agilon network of 2,700+ primary care physicians recognizes that our fee-for Service healthcare system is fractured, and that fixing it is a social and moral imperative to ensure physicians can continue to serve their communities and their senior patients can receive better health care. In 2023 alone, the agilon Network of Physicians will reinvest more than \$250 million of shared savings into local primary care within the communities they serve.

Stabilizing Physician Payment

One of the key components of MACRA is the Quality Payment Program (QPP), which aims to pay physicians based on quality, value, and the results of care provided rather than the number of services delivered. The goals of the QPP include repealing the Sustainable Growth Rate (SGR) formula, changing the way Medicare rewards clinicians, streamlining multiple quality programs under the new Merit-Based Incentive Payments System (MIPS), and providing bonus payments for participation in eligible alternative payment models (APMs).

However, as physicians operating under this framework, we believe the QPP falls short in adequately compensating Medicare physician services. While the elimination of the SGR was welcomed by the physician community, MACRA has left most Part B clinicians in a state of financial insecurity. The combined effect of pay-as-you-go provisions, federal budget sequestration, and the Medicare conversion factor poses significant challenges to physicians and threatens the quality of care provided to Medicare beneficiaries. We emphasize the need for long-term, sustainable payment policies that shift physicians away from fee-for-service payments and towards value-based reimbursement models. The promised annual 0.5% increase in the Medicare conversion factor (CF) for five years (2015-2019) followed by no change until 2026 has not materialized. Instead, the CF has decreased twice between 2015 and 2019, and the increases prescribed by MACRA were not fully implemented.

Physicians not only face lower than expected increases to the CF but also significant reductions in recent years. Legislative interventions have temporarily offset these reductions, but without further action,

budget neutrality adjustments will continue to erode clinician payment. Furthermore, Medicare physician payments have failed to keep pace with inflation, with a 20% reduction in adjusted payments over the past 20 years. This has made it increasingly challenging for many physicians to cover rising costs and make necessary investments in their practices. We call on Congress to end the statutory freeze on annual updates to the fee schedule and enact a positive annual update to the CF based on the Medicare Economic Index (MEI).

Supporting the Transition to Value-based Care

The Agilon physician network includes 8 Accountable Care Organizations (ACOs) within its ranks. Located across Hawaii, North Carolina, New York, Ohio, Pennsylvania, Texas, these 8 ACOs care for a collective attributed population of 90,000 Medicare FFS patients. A combined total of 12 independent physician groups comprise these ACOs.

To reinforce providers' transition to value-based care, we urge Congress to extend the 3.5 percent bonus for clinicians participating in Advanced APMs, as authorized under the Consolidated Appropriations Act of 2023 (Public Law 117-328). The availability of this incentive has been instrumental in encouraging investments in care delivery innovation, care coordination, and improved health outcomes for Medicare beneficiaries. To demonstrate the importance of this incentive, we can attest that several of the practices in our network were not part of an ACO prior to the ACO REACH model, and the availability of the incentive bonus was a critical factor in their decision to join their respective ACO.

We also recommend freezing the current Qualifying Advanced APM Participant thresholds to provide stability and certainty for clinicians. As a Network of physicians, many of whom are independent, we believe deeply in the transition to value-based care, and we emphasize the need for incentives that support practices in transitioning to APMs. Without this support, trends of vertical and horizontal consolidation across the health care industry will continue.

To further accelerate the transition to value-based care, Congress should support policies that encourage movement into two-sided risk models, such as the Medicare Shared Savings Program (MSSP) and the ACO REACH model. We recognize that balancing the need for gradual risk assumption with the urgency to drive transformation is crucial. Additionally, we urge Congress to express legislative support for ACO REACH and instruct CMS and the Center for Medicare and Medicaid Innovation (CMMI) to develop a successor model after ACO REACH concludes in 2026.

Conclusion

In conclusion, we believe that revisiting and enhancing MACRA along with continued support for APMs will propel the transition to value-based care and improve health outcomes for Medicare beneficiaries. We appreciate your attention to this critical issue and urge you to consider these recommendations. Please reach out to Claire Mulhearn, Chief Communications and Public Affairs at Claire.Mulhearn@agilonhealth.com or Katie Boyer, Director of Policy & Government Affairs at Katie.Boyer@agilonhealth.com with questions or requests for additional information.

Sincerely,

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