

September XX, 2022

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington, DC 20515

The Honorable Charles Schumer  
Majority Leader  
U.S. Senate  
S-221, The Capitol  
Washington, DC 20510

The Honorable Kevin McCarthy  
Republican Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington, DC 20515

The Honorable Mitch McConnell  
Republican Leader  
U.S. Senate  
S-230, The Capitol  
Washington, DC 20510

**Re: Extend Medicare Advanced Alternative Payment Model (APM) Incentive Payments**

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, and Leader McConnell:

On behalf of the XX undersigned physician and health care associations, health systems, provider practices, accountable care organizations (ACOs), and direct contracting entities (DCEs), thank you for your leadership to ensure physicians and other clinicians have adequate resources to care for the health of the U.S. population. As Congress considers priority end-of-year legislation, we ask that you bolster and advance the ongoing transition to value-based health care by extending Medicare's 5 percent Advanced APM (AAPM) incentive payments authorized under the Medicare Access and CHIP Reauthorization Act (MACRA).

As you know, a key aim of MACRA was to encourage physicians and other providers to transition into AAPMs. To help achieve this important goal, MACRA provided 5 percent incentive payments to facilitate participation in these models by physicians and other clinicians, including those in primary care, cancer care, kidney disease care, and more. A crucial benefit of AAPMs is that they are rooted in the principle of accountability where financial performance is linked to quality and outcomes, rather than volume.

Absent Congressional intervention, the ability for clinicians to qualify for the incentive payments is set to expire at end of 2022. This development would reduce reimbursements and serve as a disincentive to nearly 300,000 clinicians working to improve the quality and cost-effectiveness of care for millions of Medicare beneficiaries. These physicians' and other providers' have made laudable efforts to transform and improve the health care system by participating in AAPMs. Ending these important incentive payments would discourage future participation in models that have seen growing uptake in recent years.

The incentive payments not only help encourage physicians and additional health care practitioners to enter models, but also provide additional resources that can be used to expand services beyond traditional fee-for-service. For example, ACOs, the predominant type of AAPM, have used these incentives to fund wellness programs, pay for patient transportation & meals programs, reduce cost sharing for beneficiaries, and hire care coordinators. These are services that are not typically reimbursed through Medicare but improve patient health outcomes and wellbeing.

Successful transition to AAPMs means that physician and other health care providers must invest in workflow improvements, digital health tools, care coordinators, data analytics, quality measurement systems, transitional care services, and innovative patient engagement methods. For example, on average ACOs spend between \$1-2 million per year on these types of advanced care delivery tools. The

AAPM incentive payments to AAPMs undoubtedly helps them afford some of these investments, allowing them to reinvest in care transformation initiatives to benefit patients.

AAPMs are transforming how patients in traditional Medicare receive care. It's also clear these payment system reforms have been a good financial investment for the government, generating cost savings for the Medicare Trust Funds and improving patient outcomes. In the last decade, ACOs have generated over \$13 billion in gross savings and produced higher quality care for patients. Evidence also shows ACOs participating as AAPMs have generated higher net per beneficiary savings compared to those in non-advanced tracks. In 2020 alone, ACOs generated \$4.8 billion in gross savings and \$2.1 billion in net savings for CMS, which is a strong return on the investment of roughly \$613 million CMS paid clinicians in AAPM incentive payments. Moreover, the growth of APMs have produced a "spill-over" effect on care delivery across the nation, slowing the overall rate of growth of health care spending.

In recognition of our commitment to advancing Medicare's transition to value-based care, we urge you to include Section 4 of the Value in Health Care Act (H.R. 4587) in any end-of-year legislative package. This bipartisan legislation would extend the current 5 percent AAPM incentive payments and give CMS the authority to adjust the thresholds to qualify for the incentive payments, which are scheduled for steep increases under current law. These two crucial policy changes will better recognize physicians and other health care providers for their AAPM arrangements across all payers, including Medicare Advantage plans, and types of models while gradually increasing the qualifications.

We ask you to advance this important legislation, which will give us the flexibility and financial security needed to innovate care, improve the health of our populations, and lower health care costs.

We appreciate your consideration of this matter.

Sincerely,

Organization Signatures