THE HEALTHCARE QUALITY COALITION

April 15, 2013

The Honorable Fred Upton, Chairman, Energy and Commerce Committee
The Honorable Dave Camp, Chairman, Committee on Ways and Means
The Honorable Joe Pitts, Chairman, Energy and Commerce Committee, Health Subcommittee
The Honorable Kevin Brady, Chairman, Committee on Ways and Means, Subcommittee on Health
United States House of Representatives
Washington, DC 20515

Re: Comments on Sustainable Growth Rate Repeal and Reform proposal

Dear Committee Chairpersons:

On behalf of the Healthcare Quality Coalition (HQC) we write to support the joint effort of the House Ways and Means Committee and Energy and Commerce Committee to repeal and reform the Sustainable Growth Rate (SGR), and encourage a payment system that rewards the provision of patient value. The HQC is comprised of hospitals, physicians, health systems and associations committed to value-based healthcare. Our high-quality and low-cost provider systems have more than 19,000 licensed hospital beds, employ more than 21,000 physicians and have more than 225,000 employees across the country. We have included a complete list of our membership.

The HQC supports efforts to create a sustainable Medicare system through reducing cost and improving quality. We believe value-based policy can both incentivize increased quality and produce savings for the Medicare program. The HQC encourages adoption of policies that drive quality improvement and waste reduction in the healthcare system and are pleased to provide comments on your continued efforts in reforming the flawed SGR model.

Comments on Value-Based Payment Policies

The HQC appreciates the committee chairs' attention to reforming a flawed Medicare payment system. Replacing the SGR presents an opportunity for lawmakers to further advance a payment system that moves away from volume-based care toward value-based care. We believe replacing the SGR formula by driving value-based Medicare payment policies will sustain the Medicare program and provide consistency for providers while minimizing reliance on across-the-board, indiscriminate hospital and provider payment reductions.

The importance of measurements of quality and cost underscore the movement to a value-based system. The HQC strongly supports the recognition of measuring medical care delivery by *quality* and *cost* that decreases the fragmentation of care delivery. It is imperative as the committees continue in diligence that measures of quality and cost are introduced in tandem and are equally represented

in any payment reform initiative. Metrics of cost and quality represent a true reflection of *value-based healthcare.*

The HQC supports the following principles for SGR reform that advances high-quality, low-cost care in Medicare physician payments:

- Ensure inclusion of both cost and quality measures that focus on patient outcomes and are equally weighted as a reflection of *value-based healthcare.*

  The Committees' proposal rightly addresses both quality and cost as key components of value. As the committee considers how to best reward value, we would urge that cost and quality be equal components of a value approach. In other words, cost measures and quality measures should be equally weighted and focused on patient outcomes in the proposed Update Incentive Program (UIP).

  From this perspective, we would also encourage cost metrics begin as soon as practicable. We understand the need to work with providers to develop and refine efficiency measures, but believe this work can and should be done in tandem with the identification of quality measures. Finally, measures should focus on patient outcomes, moving away from structure and processes.

- Incentivize performance attainment and quality improvement while ensuring timely feedback of performance to providers.

  We encourage seeking how performance for attainment and improvement can be interacted. New payment policies should be implemented that drives improvement efforts in poor performers but also rewards high performers. Additionally, we encourage timely feedback on performance that is administered to providers as soon as possible.

- Ensure compatibility with the Physician Value-Based Payment Modifier, an existing Medicare value-based initiative.

  Existing law requires the Centers for Medicare & Medicaid Services (CMS) implement a value-based payment modifier (VBPM) that adjusts Medicare Part B reimbursement based on performance on measures of quality and cost. Currently, the program begins by applying to certain physician groups in 2015 and to all physicians serving Medicare patients by 2017. As constructed, the initiative applies only a small adjustment that is not sufficient to drive providers toward value-based care.

  We believe an improved VBPM – one which includes a more substantial value-based payment adjustment of +/- 10% – could be the basis for the Committees' approach to the proposed UIP. We also believed that a stronger VBPM could drive the savings needed to sufficiently finance a portion of the cost of a permanent replacement of the SGR. At a minimum, we would encourage the Committees to harmonize the proposed UIP program with the existing VBPM program.

- Avoid creating new quality and cost reporting burdens on physicians.

  CMS has developed several quality reporting programs intended to promote quality of care across different settings. For physicians, these initiatives include the VBPM program mentioned above, as the VBPM builds on the existing physician quality reporting system, or PQRS. The Electronic Health Record incentive program and the Shared Savings Program also have quality reporting components. It is important for the Committees to strive for alignment of these programs to reduce the administrative burdens on physicians. Further, to the extent possible, any new proposal should avoid creating new reporting requirements on physicians, such as creating numerous reporting registries that may become too burdensome.

We believe any permanent or long-term replacement for the SGR formula must move away from payment-for-volume and toward payment-for-value and avoid employing across-the-board, indiscriminate Medicare payment cuts. Such a new system should include measurements of efficiency and quality that drive payment change toward high-value care. We believe a sufficiently strengthened VBPM could drive the savings needed to sufficiently finance a portion of the cost of a permanent replacement of the SGR. By accelerating value in the Medicare payment system, incentives will drive change and will improve the patterns of practice to reward high-quality, low-cost care.

We look forward to working with you to ensure that value is appropriately incentivized in an SGR reform proposal.

Sincerely,

The Healthcare Quality Coalition