OFFICERS

Jada Bussey-Jones, MD, FACP
Atlanta, GA
President

Carlos Estrada MD, MS
Birmingham, AL
President-Elect

Martha Gerrity, MD, MPH, PhD, FACP
Portland, OR
Past-President

Arleen F. Brown, MD, PhD, FACP
Los Angeles, CA
Secretary

Elizabeth A. Jacobs, MD, MPP
Scarboro, ME
Treasurer

Susana Rota Morales, MD
New York, NY
Secretary-Elect

COUNCIL MEMBERS

Elizabeth Dzeng, MD, PhD, MPH, MPhil
San Francisco, CA

Marshall Fleurant, MD
Atlanta, GA

Christopher Jackson, MD
Memphis, TN

Danielle Jones, MD, FACP
Atlanta, GA

Wei Wei Lee, MD, MPH
Chicago, IL

Brita Roy, MD, MPH, MHS
New Haven, CT

EX-OFFICIO

Thomas Radomski, MD
Pittsburgh, PA
Chair, Board of Regional Leaders

D. Michael Elnicki, MD
Pittsburgh, PA
Co-Editor
Journal of General Internal Medicine

Michael D. Landry, MD, MSc
New Orleans, LA
Editor, SGIM Forum

Cynthia Chuang, MD, MSc
Hershey, PA
President
Association of Chiefs and Leaders
of General Internal Medicine

Kay Ovington, CAE
Alexandria, VA
Deputy Chief Executive Officer

Eric B. Bass, MD, MPH, FACP
Alexandria, VA
Chief Executive Officer

October 11, 2024

The Honorable Cathy McMorris Rodgers
Chair
Energy and Commerce Committee
United States House of Representatives
Washington, DC 20515

The Honorable Jason Smith
Chair
Ways and Means Committee
United States House of Representatives
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
Energy and Commerce Committee
United States House of Representatives
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
Ways and Means Committee
United States House of Representatives
Washington, DC 20515

Re: Physician Payment Reform Outline

Dear Chair Rodgers, Chair Smith, Ranking Member Pallone, and Ranking Member Neal:

On behalf of the Society of General Internal Medicine (SGIM), thank you for the opportunity to submit comments on the House Ways and Means and Energy and Commerce Committees' ("the Committees") outline focused on Medicare physician payment reform. SGIM is a member-based medical association of more than 3,300 of the world's leading general internal medicine physicians, who are dedicated to improving access to care for all populations, eliminating health care disparities, and enhancing medical education. Our members are committed to ensuring patients have equitable and affordable access to the highest quality of care possible.

SGIM appreciates the Committees' interest in reforming Medicare physician payment to ensure financial stability for physicians and protect patient access to high-quality primary care. Primary care is the foundation of a strong health care system. However, despite the robust evidence that primary care improves health outcomes, incentives and infrastructure have not been in place to allow primary care to deliver on its promise. The shortages of general internal medicine and other primary care physicians are well documented, and the inadequate reimbursement for primary care has only perpetuated this shortage. Without meaningful change, more patients—regardless of where they live—will lose access to comprehensive primary care.

Medicare physician reimbursement has stagnated over the past two decades without receiving necessary increases or adjustments for inflation or to account for increased costs of delivering care in stark contrast to other Medicare fee schedules. According to an American Medical Association (AMA) analysis of Medicare Trustees data, Medicare physician payment has declined by 29% when adjusted for inflation from 2001–2024. Your committees must enact reforms to save primary care while placing the Medicare Physician Fee Schedule (MPFS) on a more sustainable trajectory.

1500 King Street • Suite 303 • Alexandria • VA 22314
Tel: 202.887.5150 • 800.822.3060 • Fax: 202.887.5405
Web: http://www.sgim.org

Payment Updates
There has been downward pressure on the MPFS conversion factor for the last three decades. The current conversion factor is $33.2875 compared to $31.0010 in 1992. Over the last 20 years, the Medicare Economic Index (MEI), a measure of practice cost inflation, has increased over 50%. This has created an unsustainable situation for physicians with many undesirable consequences, but none as dire as those being experienced by general internal medicine and other primary care physicians. Primary care practices have been operating on minimal or even negative profit margins for years. The financial challenges as well as the long hours and administrative burden associated with the practice of primary care has created a shortage of general internal medicine and other primary care physicians across the United States. Congress must take immediate action to preserve patients' access to primary care, which is a key piece of a high-performing healthcare system.

The decline in the conversion factor coupled with the relatively low relative value units for evaluation and management (E/M) services has played a major role in the current workforce shortage by discouraging medical students from choosing primary care specialties. Many Americans lack timely access to primary care, turning to urgent care clinics and overcrowded emergency rooms instead. Even patients with established primary care physicians struggle to access an appropriate level of care, as physicians manage higher patient volumes by shortening patient visits. This leads to less comprehensive care or physicians working long, uncompensated hours on critical tasks, resulting in fatigue, burnout, and further depletion of the primary care workforce. Further, the persistent shortage of primary care physicians nationwide, particularly in rural communities, exacerbates existing disparities among vulnerable populations that are already facing significant healthcare challenges. Therefore, it is imperative for the Committees to address both factors that lower reimbursement for primary care: the conversion factor and the valuation of E/M and non-procedural services.

SGIM appreciates that the outline acknowledges the importance of adding an inflationary update to the conversion factor. **However, SGIM encourages the Committees to provide an annual inflation-based adjustment to the conversion factor equal to the MEI rather than a yet to be determined update every five years.** While this policy is costly, it places the MPFS on par with other Medicare fee schedules. The MPFS is the only Medicare fee schedule that does not have an inflationary update built into its system, and implementing this update is essential to ensure its long-term sustainability. We do not believe a periodic update that falls short of practice cost inflation will solve the challenges all physicians, but particularly primary care physicians, are facing.

Additionally, Congress should establish a technical advisory committee (TAC) to define and value E/M and other non-procedural work. This is critical to appropriately reimbursing for primary care services and supporting the delivery of high-quality comprehensive care, as outlined in Senators Sheldon Whitehouse (D-RI) and Bill Cassidy's (R-LA) *Pay PCPs Act* (S. 4338). While this provision was not included in your outline, SGIM has long maintained that E/M services, the primary services billed by our members, must be revisited to improve their accuracy and reliability. Over three decades ago, the principal architect of the resource-based relative value scale, Dr. William Hsiao from Harvard University, clearly stated that the development of the E/M portion of the MPFS was not adequately

supported by empiric research. The Centers for Medicare & Medicaid Services (CMS) has taken steps in recent years to revisit the E/M services and codes billed by primary care physicians. However, the underlying problems with these services remain as the E/M codes have not fundamentally changed and still do not represent the full range of work delivered to Medicare beneficiaries.

SGIM believes that Congress should codify CMS' responsibility to ensure that the MPFS is accurate, reliable, and publicly accountable. A TAC could assess the existing processes for service code development and valuation and propose solutions that are sustainable, and evidence based. Further, a TAC can help to guide CMS in making meaningful improvements to reimbursement for primary care now and ensure that the valuations of physician services provide reliable building blocks which can be used in developing innovative alternative payment models. Specifically, the TAC can determine how to base payments on the relative intensity of cognitive work by establishing a reliable process for defining services and assigning values.

The existing mechanisms for valuing cognitive work are not evidence based and have helped perpetuate a system that has not prioritized primary care, while the volume and value of technical and procedural services has grown. A TAC will incorporate evidence-based data into the valuation process of E/M service codes and be best equipped to ensure that these services are evaluated at more regular intervals. We believe that a regular, independent assessment of available data and data-driven policy recommendations will stabilize what has evolved to become an irregular process, which has been a major contributor to the declining primary care workforce. Appropriate valuation of primary care will remain critical to ensure resources are appropriately distributed to enable high quality, comprehensive, patient-centered care.

Budget Neutrality

SGIM believes that correcting inaccurate budget neutrality assumptions is an essential improvement to the MPFS' budget neutrality policy. **Therefore, we support the provision included in the *Provider Reimbursement Stability Act of 2023* (H.R. 6371) that would authorize the Secretary to compare estimated utilization to actual utilization and adjust the conversion factor for over- or underutilization based on the difference.** SGIM believes this is a commonsense policy that could be easily implemented to improve conversion factor adjustments.

Additionally, SGIM recommends that Congress revise the outdated budget neutrality threshold of $20 million. The budget neutrality threshold pits specialties against one another because some specialties experience losses when new service codes are added to the MPFS, or when positive updates are adopted for certain services. Without meaningful reform, Congress and CMS will not be able to transform the MPFS to support the delivery of high-quality coordinated primary and chronic care. H.R. 6371 would raise the budget neutrality threshold above $20 million to $53 million to allow for more flexibility in adjusting physician payments. SGIM supports this proposal and believes Congress should also provide for an increase every five years equal to the cumulative increase in MEI, as outlined in this legislation, to ensure that physician payments keep pace with inflation and the cost of delivering care.

1500 King Street • Suite 303 • Alexandria • VA 22314
Tel: 202.887.5150 • 800.822.3060 • Fax: 202.887.5405
Web: http://www.sgim.org

Merit-based Incentive Payment System (MIPS)

SGIM appreciates the Committees' interest in making changes to MIPS, particularly the recognition of the needs to reduce administrative burden and assist small practices. SGIM has long been concerned about the burdensome nature of physician reporting requirements associated with MIPS. The current landscape of quality measures, which may not significantly affect clinical care and health outcomes, and high reporting burden continues to impede progress toward value-based care. Small, independent primary care practices have less time for patient care, due to involvement in administrative tasks and reporting requirements. Safety net systems, in particular, struggle to meet reporting requirements. SGIM believes that fewer, more aligned measures, and a lower initial emphasis on bonuses and penalties based on quality performance will allow movement toward prospective payments. A greater emphasis on performance-based modification to payments can be implemented over time, once health systems are accustomed to prospective, capitated payments.

Thank you again for the opportunity to submit comments on this outline. SGIM welcomes the opportunity to work with you to address the flaws in the Medicare physician payment system to ensure that patients have access to high-quality primary care for years to come. Should you have any questions, please do not hesitate to contact Erika Miller at emiller@dc-crd.com.

Sincerely,

Jada Bussey-Jones, MD, FACP
President, Society of General Internal Medicine

1500 King Street • Suite 303 • Alexandria • VA 22314
Tel: 202.887.5150 • 800.822.3060 • Fax: 202.887.5405
Web: http://www.sgim.org