

Virtual Leadership Day, May 25-26, 2021

## Support the Value of Primary and Comprehensive Care

**Congress should pass legislation and support policies to ensure patients continue to have access to vital primary care services including: stabilize and improve payments for undervalued Evaluation and Management (E/M) services (office-based visits) under both Medicare and Medicaid; provide sufficient funding to prevent scheduled and future cuts in payments; maintain incentives for physicians to transform their practices into Advanced Alternative Payment Models (APMs) under Medicare's Quality Payment Program, as described below in the "What is ACP Asking of Congress" section.**

### What's it all about?

Internal medicine physicians (internists) remain on the frontlines of diagnosing and treating patients with COVID-19 as well as confronting the challenges of caring for patients who require an extensive amount of time and care management for chronic illnesses such as cancer, heart disease, and diabetes. The financial strain on physician practices has increased during the pandemic due to lost revenue from lower patient volume as well as the need to purchase personal protective equipment (PPE) and reconfigure their offices to be COVID safe. Yet, they continue to work in a health care system that has historically underinvested in primary and cognitive care. A significant portion of the work of internal medicine physicians is tied to evaluation and management (E/M) services (office-based visits with patients) that have long been undervalued in both Medicare and Medicaid.

A recent [report](#) by the *National Academy of Sciences, Engineering, and Medicine*, calls on policymakers to increase our investment in primary care as evidence shows that it is critical for "achieving health care's quadruple aim (enhancing patient experience, improving population, reducing costs, and improving the health care team experience." The report urges the need to reform a Medicare physician payment system that not only undervalues primary and cognitive care but also does not adequately incentivize the type of quality, value-based care that patients need. The Medicare fee-for-service (FFS) payment system bases reimbursement for physicians and other clinicians on the number of appointments, tests, or procedures rendered (i.e., volume) rather than the quality or appropriateness of those services, contributing to suboptimal outcomes (i.e., value). Despite these challenges, and the need to do more to address them, ACP appreciates recent policies enacted by Congress and implemented by the Centers for Medicare and Medicaid (CMS) to strengthen internal medicine by increasing payment under Medicare for office-based E/M services.

### How are physicians compensated under Medicare and Medicaid?

Physicians are compensated through a complex set of payment mechanisms under both Medicare and Medicaid, only some of which are relevant for purposes of this issue brief. Under Medicare, the CMS determines the value of physicians services every year and releases that in the Physician Fee Schedule (PFS) through its rule making process. CMS issued a final rule in 2020 that provided an increase in payments for physicians' undervalued E/M services, with an additional add-on for complex visits, effective on Jan. 1, 2021. ACP fully [supported](#) the implementation of this increase in payment for E/M services, noting it was long overdue and absolutely essential but only *partially* offsets the huge losses of revenue from the COVID-19 pandemic experienced by internal medicine specialists and other frontline physicians.

Federal law requires that any increases to physician services in the MPFS final rule (such as those applied to E/M services in the 2021 PFS) must be offset by an across-the-board budget neutral (BN) reduction to all services paid under the fee schedule, to keep overall spending budget neutral. The 2021 PFS rule would have imposed a substantial BN adjustment, with physicians providing undervalued E/M services seeing major improvements, while others who do not bill for E/M were facing reductions in payment for other services in Medicare. ACP was pleased that at the end of last year, Congress passed legislation, H.R. 133, *the Consolidated Appropriations Act of 2021*, that included a provision providing for a temporary 3.75 percent increase to **ALL** services which has and will help to mitigate a substantial portion of the cuts that were expected from budget neutrality while further increasing payments to frontline primary and comprehensive care physicians. All physician services will again be subject to reductions due to the application of budget neutrality in the 2022 PFS unless Congress steps in to stop it.

Any legislation to address budget neutrality should incorporate all physician services, and the specialties providing them, equitably; so that budget neutrality relief does not preferentially prevent BN cuts to non-E/M services while allowing them to go into effect for E/M services.

In April of 2015, landmark legislation was signed into law that fundamentally restructured the Medicare physician payment system. The Medicare Access and CHIP Reauthorization Act (MACRA) instituted new policies under a new payment system called the Quality Payment Program (QPP) that rewards physicians based on the quality and value of services provided. Physicians choose to participate in the QPP under one of two payment tracks: the Merit-Based Incentive Payment System (MIPS) or Alternative Payment Models (APMs). This pandemic has highlighted the need for physicians to transition their practice away from the traditional fee for service model to Advanced APMs that promote value-based care and provide rapidly expanded capabilities, such as care management, call centers, remote monitoring and telehealth, to meet the shifting care needs resulting from COVID-19. In addition to any model specific payments, clinicians who participate in Advanced APMs, in a substantial way, can earn a five percent Medicare bonus (set to expire at the end of next year) if they meet certain thresholds of patients or payment through their work in this model. ACP is concerned that if physicians are not assured that this five percent bonus will be available after next year, they will be less inclined to invest in the necessary infrastructure transformation in their practices to deliver care in an Advanced APM.

Under Medicaid, on average, a clinician treating a Medicaid enrollee is paid about two-thirds of what Medicare pays for the same services and only half of what is paid by private insurance plans. Primary care clinicians commit themselves to a long-term relationship with all their patients — including Medicaid beneficiaries — and provide not only first-contact and preventive services, but also the long-term care for chronic conditions that minimizes hospital admissions and reduces costs to the system. Medicaid enrollment has increased by more than 8 percent over the past year as a result of pandemic-related job and income loss, making the demand for primary care and pediatric clinicians in the Medicaid program more acute than ever. At the same time, physician practices have faced financial challenges due to decreased visit volume and increased expenses such as personal protective equipment, technology to provide telehealth and infrastructure to administer COVID-19 tests and vaccines. Physician practices that accept large numbers of Medicaid patients face further challenges. The low payment rate for Medicaid services, compared with that of Medicare or private payers, is exacerbating their financial instability.

### **What's the current status in Congress and the Administration and what improvements are needed?**

ACP is pleased that the 117<sup>th</sup> Congress and the previous took steps to financially assist physician practices during the COVID-19 pandemic through new programs like the Provider Relief Fund, the Paycheck Protection Program, expanded telehealth flexibilities, loan forgiveness, and relief from sequester cuts, all of which ACP supports. We applaud the passage of H.R. 1868 that was signed into law earlier this year, which delayed the implementation of a two percent Medicare cut to physicians scheduled on April 1<sup>st</sup> of this year that would have been triggered by a process known as sequestration, which is designed to reduce federal spending. We remain concerned that H.R. 1868 only delayed the two percent Medicare sequestration cut to physicians until January 1, 2022 and unless Congress acts before the end of this calendar year – this cut will be implemented. H.R. 1868 also failed to waive additional Medicare cuts that would be imposed on physicians through a federal law known as PAYGO – that would reduce Medicare payments to physicians up to 4 percent at the end of this year. As internal medicine physicians continue to struggle with the financial challenges imposed by the COVID-19 pandemic, these Medicare cuts would deal a devastating blow to their ability to deliver high quality care to their patients and it is vital that Congress acts to ensure these cuts are not implemented.

It remains critically important however that the federal government [help sustain](#) physician practices going forward so they can continue to care for patients, and particularly, to support the value of primary and comprehensive care by internal medicine physicians, other primary care specialties, and their clinical care teams. This includes: preserve and protect payment increases for long undervalued E/M services that were included in the 2021 PFS final rule as well as the 3.75 percent increase to all physician services in Medicare that was approved by Congress at the end of last year. These improvements are essential toward addressing the ongoing impact of the COVID-19 pandemic, providing much needed

increases to physicians for their primary, cognitive and comprehensive care services, as well as for patients who delayed seeing an internist to treat their illness or disease. ACP has also endorsed the following legislation:

- H.R. 1025, *the Kids Access to Primary Care Act of 2021* would ensure that Medicaid payment rates for primary care services are equal to Medicare rates. The Affordable Care Act (ACA) included a provision that required states to raise Medicaid payment rates for primary care services equal to Medicare rates in 2013 and 2014 but this provision expired after those two years and was not renewed by Congress.

#### What is ACP asking of Congress?

- ✓ **Continue to fund the 3.75 percent increase to all physician services that was approved by Congress at the end of last year to prevent CY 2022 “budget neutrality” cuts for physician services, including primary care visits and other evaluation and management services.**
- ✓ **Ensure that any legislation that addresses budget neutrality treats all services fairly and equitably.**
- ✓ **Representatives should cosponsor and pass H.R. 1025, *the Kids’ Access to Primary Care Act* to increase access to health coverage for Medicaid patients by achieving payment parity for primary care services under Medicaid and Medicare.** Senators should introduce and pass the companion version in the Senate.
- ✓ **Introduce legislation in both chambers to extend the five percent bonus that physicians receive if they meet performance expectations in Advanced APMs that is set to expire at the end of 2022.**
- ✓ **Act before the end of CY 2021 to prevent scheduled cuts for physician services, including primary care, resulting from budget sequestration and PAYGO budget rules.**

#### Where can I go to learn more?

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