

Opening Statement for the Honorable Brett Guthrie

Checking-In on CMMI: Assessing the Transition to Value-Based Care

June 13, 2024

Thank you to our witness, Dr. Liz Fowler, for being here with us today as we “check-in” on the Centers for Medicare and Medicaid Innovation’s progress in lowering costs and improving quality of care paid for by Medicare and Medicaid. Our health care system has underdone significant changes over the last decade and Americans continue to cite health care costs as a top concern. More Americans are stuck paying more for health care, more than they ever have in the past.

Health Care Expenditures Rapidly Increasing on the Backs of Taxpayers and Patients

Taxpayers are also on the hook for higher health care expenditures. In 2022, health care spending grew by 4% year-over-year, reaching \$4.5 trillion, nearly 17% of U.S. gross domestic product. During this same time, spending on hospital care reached 30% of total health care spending while physician and clinical services reached 20% of all health care spending.

Physicians are now being forced to spend more man hours on back-office administrative tasks in efforts by taxpayers to keep costs low.

CMMI Failed to Achieve Projected Cost Savings

Policy makers and stakeholders from across the health care system have hoped that by embracing value-based care, high costs and physician burnout would be addressed, and patients would receive a higher quality of care. The Centers for Medicare and Medicaid Innovation was supposed to be a key driver of this movement toward value-based care. However, Medicare and Medicaid’s transition to value care has clearly stagnated’. CMMI was established as a part of the Affordable Care Act with the dual goal of driving better patient outcomes and slowing the growth rate of the Medicare and Medicaid program costs.

The Congressional Budget Office originally projected that CMMI would not just offset the costs of running pilot programs but drive significant long-term savings across our health care system. That unfortunately has not come close to materializing. A September 2023 CBO report found that CMMI’s activities increased spending by almost \$5.5 billion. Under the Biden administration the Center has undertaken an internal reevaluation. While I would hope this strategic refresh would generate a renewed commitment to better fulfilling CMMI’s mission of reducing costs and improving quality in its second decade. However, I must admit I am concerned the Center has instead further shifted focus from its Congressionally anointed purpose.

I would be remised if I didn't mention a few specific actions CMMI has taken recently that could significantly harm the transition to value-based care. The first is the so-called Accelerating Clinical Evidence model in which CMMI has proposed to slash payments to Part B providers who are prescribing therapies fully approved by the FDA through the Accelerated Approval Pathway. This not only undermines the FDA gold standard but penalizes those attempting to drive transformative change for patients that otherwise lack treatment options.

CMMI is Impeding Innovation

I am furthermore concerned about CMMI's Cell and Gene Therapy Access Model, which may inhibit the states' ability to use value-based agreements to pay for curative cell-and-gene therapies approved by FDA. We have 50 incubators across the country in the form of our state Medicaid programs and waiver authorities that give states the ability to shape policies that make the most sense for their budgetary needs and the needs of their beneficiaries.

By CMS directly negotiating drug rates for these therapies, it weakens the ability for states to negotiate directly with manufacturers or to form states compacts that give states greater bargaining power in these situations. I would instead urge CMMI and CMS to work with Congress to pass my MVP Act, which I've worked with Ranking Member Eshoo on, which would codify CMS' multiple best price rule and truly allow states to use value-based agreements to get life-changing treatments to patients as quickly and as affordably as possible, should be the goal of all of us.

In closing, I hope today's discussion helps us chart a path forward for CMMI that can ensure the center is better delivering on its mission to facilitate innovation payment models that deliver for patients and taxpayers and reenergize the transition to value-based care.

Thank you, I yield back.