Chairman H. Morgan Griffith Opening Statement
Subcommittee on Health
Examining the Medicare Physician Fee Schedule, MACRA, and Opportunities for Payment Reforms
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As prepared for delivery.

Today's hearing will examine reforms that could be made to Medicare physician payment and policies enacted in the Medicare Access and Children's Health Insurance Program Reauthorization Act, commonly known as MACRA, to incentivize value-based care.

Physicians, nurses, and other health care providers are critical to our health care system, and their work remains essential to ensuring patients have access to timely, high-quality care in every community.

Our discussion today builds on the Affordability Series that we have been working on throughout the year and will give us the opportunity to better understand how provider payment challenges can impact health care affordability.

MACRA, was enacted into law in 2015 with overwhelming bipartisan support. This Committee and Subcommittee, under the leadership of Dr. Michael Burgess, worked diligently on furthering that policy.

MACRA marked a significant shift in Medicare physician payment, aiming to modernize the program and improve its long-term sustainability.

It was intended to move physician reimbursement away from a traditional fee-for-service structure, which often rewards volume of services provided, toward a model that incentivizes high-quality, value-based patient care.

MACRA permanently repealed the Sustainable Growth Rate, or SGR, that had been used to calculate provider reimbursement under the physician fee schedule. This was intended to bring better stability to physician payment updates.

The other core component of MACRA was the Quality Payment Program, which established the Merit-Based Incentive Payment System, or MIPS, and incentivized participation in Alternative Payment Models, or APMs.

Under MIPS, providers participate in a performance-based payment system where reimbursement is tied to their performance based on certain quality reporting measures.

On the other hand, APMs enable physicians to participate in risk-based care models that reward providers through financial incentives, such as bonus payments, for meeting specific quality and cost benchmarks.

It is important we look for ways to make improvements and strengthen this landmark legislation, as we have heard from various health systems and providers that the current structure presents several reporting challenges under MIPS.

Shifting quality measures, administrative burdens, and uncertainty around scoring has not only slowed adoption of MACRA's quality payment programs, but it has also led to additional levels of complexity and increased costs that are especially concerning for smaller, independent, and rural providers.

We hear too often about the costs and infrastructure needed to comply with reporting requirements.

This often makes meaningful participation in the payment models unrealistic and financially unviable in many cases, as many of these smaller practices do not have the administrative staff, technical resources, or financial ability needed to meet the reporting demands.

At the same time, we have also heard concerns regarding the underlying Medicare physician fee schedule and long-term payment stability.

Many physicians have expressed concerns that annual payment updates are not keeping up with inflation, leading to rising practice costs, longer patient wait times, and overall strain on the provider workforce.

Relatedly, these physicians have also noted that the fee schedule's budget neutrality requirement has placed additional pressure on reimbursement for certain procedures and often pits specialties against one another.

It is critical that we continue to work to balance fair and adequate compensation for physicians and other health care providers to maintain access to high quality care and promote patient choice.

This is also critical to the viability of independent physician practices, as further consolidation risks increased costs for patients, the federal government, and also disincentivizes individuals from entering the physician workforce.

Congress has provided temporary patches to physician payments with another payment bump expiring at the end of the year.

We need to look for opportunities that address these long-standing issues and level the playing field while we continue work to move patients into innovative care delivery models.

Maintaining a stable and sustainable physician payment system is important not only for supporting providers, but also for preserving competition, affordability, and access to care for patients.

I am excited to have our witnesses before us this afternoon, and I look forward to the discussion.