

Committee on Energy and Commerce

**Opening Statement as Prepared for Delivery
of
Full Committee Ranking Member Frank Pallone, Jr.**

***Hearing on “Examining the Medicare Physician Fee Schedule, MACRA, and Opportunities
for Payment Reforms”***

May 20, 2026

Today, Committee Republicans are holding a hearing on the current challenges that providers face in the Medicare physician fee schedule. While I welcome this important discussion, I must start by noting the current state of chaos and crisis in our health care system is largely due to the largest Medicaid cuts in our nation’s history to providers in last year’s Big Ugly Bill. It’s all a part of Republican actions that are driving up everyday prices across the board for American families on groceries, gas at the pump, and their health care.

Republicans’ Big Ugly Bill cut Americans’ health care by more than \$1 trillion – the largest health care cut in our nation’s history – which will result in 15 million people losing their health coverage. These deep cuts are directly hurting providers and reducing access to care for millions of families. Already hospitals and clinics are being forced to close their doors. Hospitals are shutting down maternity care units, reducing their services, and laying off health care providers. Approximately 6,500 health care workers have already been laid off because of Republicans’ health care cuts, and another 900 hospitals, clinics, and nursing homes are likely to shutter—closing down altogether or reducing services. This is driving massive increases in uncompensated care that will force more hospitals, nursing homes, and clinics across the country to close. And it’s going to drive up health care prices for everyone else when they are already struggling to make ends meet.

President Trump and Congressional Republicans’ refusal to extend the Affordable Care Act (ACA) enhanced premium tax credits is making health care unaffordable for millions of low- and middle-income Americans. Tens of millions saw their out-of-pocket costs skyrocket, and according to a recent report, more than one in five Americans who initially enrolled during open enrollment have already dropped their coverage because they were unable to afford skyrocketing prices.

Republicans and the Trump Administration have made a concerted effort to make it much harder for Americans to afford the coverage they rely on. Just last week, the Trump Administration finalized a rule that would take away health coverage from working Americans and increase health care prices for consumers by causing deductibles and premiums to skyrocket. They even finalized a plan to allow “no network” plans to be offered on the exchange. Imagine that – a health insurance plan with no in-network doctors or hospitals.

Turning to Medicare, we must ensure the program remains sustainable, provides long term stability for doctors, and delivers the highest quality care for all Medicare beneficiaries. It

is also critically important that reforms to the Medicare physician payment system do not result in increases in Medicare beneficiaries' premiums or the price they pay out-of-pocket.

The Medicare Access and CHIP Reauthorization Act or MACRA aimed to reform Medicare's payment model by creating a system of payments to health care providers based on the quality of care that patients received. However, over a decade later, it is fair to say that we have not seen the results that many hoped for.

MACRA created the Merit-Based Incentive Payment System, or MIPS, which was intended to provide better pay for health care providers who provide better care. Under MIPS, providers may receive increases or decreases to their Medicare payments based on factors like the cost and quality of care they provide.

In reality this system has appeared to create additional administrative burdens for providers without producing significant improvements in patient care. It is also not clear that MIPS is achieving its goal of improving efficiency of patient care. I look forward to hearing from the witnesses about the lessons learned from MIPS and what reforms are worth considering.

MACRA also created bonuses for physicians who take on a certain amount of financial risk by participating in Alternative Payment Models or "APMs". Evidence shows that these models have improved quality of care and resulted in cost savings. I believe it is critically important that we increase participation in APMs by extending the bonus and building on the existing program. I look forward to hearing about how APMs have affected outcomes for both physicians and patients, and how Congress can continue to build on its success.

As Congress explores changes to the Medicare physician payment system, it is critical that Medicare remains viable while ensuring that seniors receive high quality care and doctors receive fair compensation. We need to make sure that any changes we make do not result in an increase in out-of-pocket costs for Medicare beneficiaries, and that we must also be able to evaluate the quality of care that patients are receiving.

Thank you, and I yield back.