



March 25, 2014

The Honorable Harry Reid
Majority Leader
U.S. Senate
S-221 U.S. Capitol Building
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
S-230 U.S. Capitol
Washington, DC 20510

Dear Majority Leader Reid and Republican Leader McConnell,

The American College of Physician Executives (ACPE), the largest organization dedicated solely to providing education and management training to physician leaders, fully supports the *SGR Repeal and Medicare Provider Payment Modernization Act (S. 2110)* and is asking the U.S. Senate to move expeditiously to approve it.

We would further urge you not to follow the example set forward in the U.S. House of Representatives, where Republican leaders added language that would offset the cost of eliminating the Sustainable Growth Rate (SGR) funding

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formula by delaying the implementation of the Affordable Care Act’s individual mandate. A [recent poll](#) of ACPE members showed more than 80 percent of our members believe the decision to link these two provisions was a mistake and needlessly endangered the opportunity to finally repeal the outdated and ineffective SGR.

As physician leaders, we support a solution that fosters a higher-quality, cost-effective system of care. This bipartisan, bicameral proposal creates a proposal that rewards value over volume, consolidates financial incentives, rewards the movement to alternative payment models without penalizing physicians, and expands Medicare data transparency. The legislation will also help address the complex problem of Medicare fraud and abuse.

As physician leaders, we especially support the use of quality outcomes as a foundational component. We also believe the efforts to move away from traditional fee-for-service models toward alternative payment models is useful and will motivate physicians to engage in much-needed improvements to health care. Any reinforcement of the need to transition in a time-limited fashion to outcomes-based payments is both helpful and critically important to encouraging change.

As the process moves forward, ACPE would urge committee members to keep in mind that evidence and current practices continue to demonstrate that health care organizations led by physicians perform better than those led by non-physicians. Since it was founded in 1975, ACPE has trained more than 100,000 senior and executive physician leaders in all types of health care organizations across the U.S. and in 46 different countries. As such, the organization has identified nine essential elements we believe are key to creating meaningful, physician-supported health care reform:

Value-driven

ACPE argues that future payment strategies must be focused on value-based care, not volumes of patients seen or procedures conducted.

Evidence-based

Physicians should be rewarded for following evidence-based guidelines and clinical pathways that are proven to provide safe, reliable care to patients. Evidence-based medical practices will continue to evolve and improve but the core methodologies of evidence-based medicine are now sound enough to warrant inclusion in payment reform.

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Quality-centered

ACPE strongly agrees the formula must include a compensation strategy for providing high-quality care that results in fewer hospital readmissions and improved outcomes for patients. The overall good from improved health of our population is inherent with this approach.

Safe

Likewise, physicians should be rewarded for putting patient safety first, and avoiding costly medical mistakes. The formula should take into account reduced adverse events and days without safety-related problems. The complexities of human factor engineering and health systems re-engineering will also become better supported with this approach.

Measured

Physician compliance with quality and safety efforts should be measured and reimbursed if they achieve the formula's goals. While measurement as a science is immature in health care, available measurements that have been endorsed by the National Quality Forum (NQF) should be publicly reported and should represent all types of relevant measures (e.g. structural, processes, outcomes, composite). Outcomes measures should be actively promoted and developed with accurate risk adjustments.

Equitable

Any payment formula must be fair and equitable for all physicians, and should not create inappropriate inequity between primary care doctors and specialists. Improved access to care for patients across all physician disciplines will become the most important consequence.

Innovative

The payment formula should take innovation into account and encourage physicians and health care organizations to implement new processes and procedures that save money while simultaneously improving quality and keeping patients safe. American health care is a global leader for innovation and this attribute of our system should not be sacrificed.

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Efficient

The new formula and the information required to execute it needs to be streamlined to make it as easy as possible for physicians and health care organizations to collect reimbursement. We frequently hear from ACPE members about the burden of regulations surrounding Medicare payments. Time and money spent on highly detailed reporting could be much better spent providing quality patient care. Streamlined processes will further create improved efficiencies in patient care.

Physician-led

Creation of the new payment formula must be physician-led. Physicians are much more likely to accept a revised reimbursement plan if it is developed with a great deal of physician input.

ACPE believes including approaches that accommodate these nine essential elements in the next funding formula is critical to a successful outcome. Representatives from ACPE were pleased to offer testimony on the need to repeal the SGR physician payment system before the members of the Health subcommittee of the Ways and Means Committee last year. We applaud the efforts to repeal this outdated, stop-gap approach to physician reimbursement and ask you to move expeditiously to pass the *SGR Repeal and Medicare Provider Modernization Act*.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Werner'.

Mark Werner, MD, CPE, FACPE
ACPE Board Chairman

A handwritten signature in black ink, appearing to read 'Peter Angood'.

Peter Angood, MD, FRCS(C), FACS, FCCM
ACPE President and CEO

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