



January 11, 2021

President-elect Joe Biden
Transition Team
Washington, DC

Dear President-elect Biden:

We would like to congratulate you, Vice President-elect Kamala Harris, and the rest of your transition team on your recent election to the Presidency of the United States. Your clear priorities and dedicated staff only underscore your commitment to transform America's health care delivery system into one that is centered on value over volume. We would also like to extend our congratulations [once again](#) toward your selection for the next Secretary of the Department of Health and Human Services (HHS) Xavier Becerra. America's Physician Groups (APG) shares Mr. Becerra's commitment to protecting and improving access to affordable, high quality health care for all Americans and looks forward to working with him in his role as HHS Secretary to continue building on the progress that has been made in expanding value-based healthcare and moving away from fee-for-service. As the largest association of physician groups practicing risk-based coordinated care, APG and its members believe strongly in and are committed to reimbursement systems such as **budget-based prospective payment models** and holding physicians accountable for care, coordination, and quality to improve patient health.

As your team moves to address the existing challenges to the nation's healthcare system and anticipate new ones on the horizon, we would like to offer our perspective on the best strategies for making improvements that will benefit patients, health plans, and providers in making our healthcare system as strong as possible.

About America's Physician Groups

APG is a national professional association representing over 300 physician groups that employ or contract with approximately 195,000 physicians that provide care for nearly 45 million patients. Our tagline, "Taking Responsibility for America's Health," represents our members' vision to move away from the antiquated fee-for-service (FFS) reimbursement system where clinicians are paid "per click" for each service rendered rather than on the outcomes of the care provided. Our preferred model of accountable, risk based, and coordinated care avoids incentives for the high utilization associated with FFS reimbursement. APG is also committed to Medicare Advantage and the flexible, affordable, and efficient care it provides for seniors.

As you know, the nation is at a critical moment in the evolution of our health care system. As an aging and increasingly chronically ill population continues to stretch diminishing health care resources, our current system has been shown to have numerous inadequacies in meeting patients' needs while already thin resources have been stretched even more as healthcare

organizations struggle to respond to the ongoing COVID-19 public health emergency. To address this, APG has outlined three specific priorities for 2021, which we believe are completely aligned with your stated goals. We look forward to working with you and your staff on the priorities listed below to further advance the value movement and, most importantly, improve the quality and access of health care services.

1. **Accelerating the Movement to Value** – As providers and organizations continue to make investments in accepting risk and providing high quality care at a low cost for patients, supporting the movement to **budget-based prospective payment models** at the physician group level will provide them with the proper incentives to encourage the acceptance of risk. The COVID-19 pandemic has caused those of us in the healthcare space to confront the existing gaps in our system which we must now evaluate and look to improve. In response to the needs of both the healthcare system and its patients, providers have made tremendous strides in transforming our system of care on the fly during unprecedented circumstances, e.g., expanding the use and reach of telemedicine to those in rural communities and underserved populations. It is imperative that the progress that has been made in transforming the healthcare delivery system does not regress back toward an emphasis on FFS care once the public emergency has ended. Value-based models emphasize the delivery, measurement and outcomes of care as opposed to the current fee-for-service model that focuses on volume of services at the expense of cost and what is best for patients. Innovative healthcare providers are successfully delivering improved patient care at lower costs through budget-based prospective payment models which must be recognized and supported.

These models also play an integral role in addressing social determinants of health through initiatives centered around behavioral health, increased screening of patients for risk factors of these determinants, and other proactive methods of care. The social determinants of health-focused care that physicians in value-based models offer provide a level of financial value that must be supported moving forward. Care coordination and preventative care of patients identified as being at-risk for certain determinants allows for these impediments to be removed and better patient outcomes achieved at lower costs.

Moving forward, we must account for quality of care, increase the amount of risk taken on by providers and organizations, and try to increase the number of patients receiving coverage in the most responsible and feasible way possible. Ensuring the creation of strong incentives for the delivery system to improve population health, quality, and the patient experience, and continuing to move toward value-based care with a **budget-based prospective payment model**, will make for a stronger healthcare system both now and in the future. In addition, **creating strong incentives that will also encourage health plans to also support budget-based prospective payment models** is important in maintaining the partnership between plans and providers in supporting the move to value-based care.

As your administration explores any and all possibilities in improving the American healthcare system, we are aware that a public healthcare option will be one of the avenues examined as a possibility in extending the best care possible. **Should a plan for a public healthcare option be drafted, we would recommend that for physician groups, a budget-**

based prospective payment system be utilized. Any new healthcare system that is established for future generations should be built upon a solid foundation and consensus within the healthcare space is continuing to point toward value-based care as opposed to our current fee-for-service system.

2. **Strengthening Medicare Advantage to Drive Better Value** – An integral part of the move from volume to value is supporting Medicare Advantage (MA) and the role it plays in shifting healthcare in this direction. Providers and health plans who engage in high-value, risk-based MA contracts are working diligently to improve overall quality in the MA program and should be rewarded for those efforts. **Only 14 percent of all MA contracts** with providers are based on two-sided risk arrangements and qualify as an Advanced Alternative Payment Models¹. Congress, the Centers for Medicare and Medicaid Services, and stakeholders must work together to put in place incentives that further drive the value evolution in MA just as they are working to do so in traditional Medicare. These incentives should offer both positive and negative reinforcement that will motivate MA plans to push budget-based prospective payment downstream to the physician group level. The program and its providers are the cornerstone of where our system has been trending for the past decade, which is reflected in the recent expansion of telehealth services as physicians respond to the COVID-19 pandemic. Continuing to support the providers at the forefront of these innovations must continue amidst the public health emergency.
3. **Lowering Healthcare Costs** – Lowering the costs of care for patients through **drug pricing reform and encouraging movement to lower cost care settings** such as home or ambulatory care is a key piece of the value-based care movement and the last key component of our recommendations for your transition team in setting its healthcare agenda. Transferring more patient care to ambulatory or home settings is making life changing strides in offering increased convenience and care options for patients while lowering costs and delivering improved outcomes. Technology has also progressed to the point where virtual visits offer even more convenience for patients while still allowing providers to effectively treat those suffering from chronic conditions while monitoring their health and creating effective care plans for treatment. The advantages that telehealth services represent for those patients with issues surrounding access to care, individuals with disabilities, and the elderly have been evident during the ongoing pandemic as up to 70 percent of care has transitioned to telehealth during this time. Driving more care to lower cost settings works in tandem with creating increased incentives for value-based care, bringing down the overall costs within the current healthcare system.

Drug prices are consistently much higher in the U.S. than in other western countries. Rising prices have had a great effect on access to much needed medicines for those suffering from chronic conditions. The effects of high prescription drug costs also have systemic consequences, with patient non-compliance because of decreased access or the inability to afford medication leading to increased costs for the healthcare system in general through unnecessary hospitalizations, emergency services, and physician visits. As your

¹ <http://hcp-ian.org/workproducts/apm-discussion-2018.pdf>

administration works through possible solutions to this issue, we encourage you to explore all possible avenues of change such as drug importation reform; value-based purchasing; and international pricing models.

Thank you for your attention to the above comments. We look forward to continuing to work with you over the next four years. Please feel free to contact Valinda Rutledge, Senior Vice President, Federal Affairs, (vrutledge@apg.org) if you have any questions or if America's Physician Groups can provide any assistance as you consider these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald H. Crane". The signature is fluid and cursive, with the first name "Donald" being the most prominent.

Donald H. Crane
President and CEO
America's Physician Groups