



July 29, 2021

The Honorable Frank Pallone, Jr.
Chair
House Energy and Commerce Committee
House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Patty Murray
Chair
Senate HELP Committee
United States Senate
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairs Pallone and Murray:

America's Physicians Groups (APG) enthusiastically welcomes the opportunity to provide our perspective on design considerations for drafting legislation to establish universal healthcare coverage for all Americans. Like you, we believe that bold steps are necessary to achieve universal coverage and lower health care costs for all Americans. As Congress works to develop a plan to extend healthcare coverage for a greater number of Americans, this may also serve as an opportunity to make a strong and affirmative step to move the country away from the fee-for-service (FFS) model of care toward value-based care that provides incentives for physicians to take the quality of care into account. Moving forward, we must increase the amount of risk taken on by providers and organizations and try to increase the number of patients receiving coverage, while simultaneously improving quality in the most responsible and feasible way possible.

About America's Physician Groups

APG is a national professional association representing over 350 physician groups that employ or contract with approximately 195,000 physicians that provide care to nearly 45 million patients. Our tagline, "Taking Responsibility for America's Health," represents our members' vision to move from the antiquated fee-for-service (FFS) reimbursement system to a value-based system where physician groups are accountable for the cost and quality of care. Our preferred model of capitated, delegated, and coordinated care eliminates incentives for waste associated with FFS reimbursement.

Comments

In drafting legislation to establish a public healthcare option, **we believe that an exclusively capitated model of care is the best path forward to establishing universal healthcare coverage.** While building a new system of care from the ground up, the history of APG member organizations has shown that capitated payments are the perfect vehicle for achieving this transformation of the healthcare system, particularly in the wake of the COVID-19 pandemic. Capitated payors and models of care emphasize the delivery, measurement, and outcomes of care, a clear juxtaposition to the current FFS model that focuses on volume of services at the expense of cost and what is the best for patients. Innovative healthcare providers are successfully

delivering improved patient care at lower costs through budget-based prospective payment models that offer coordinated, personalized, relationship-driven care that supports providers and patients in making informed decisions about their health. We also believe that the capitated model of care facilitates addressing of Social Determinants of Health which reduces health disparity. 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, will make for a stronger healthcare system.

The design would be simple: Compensation to providers would be prospective, population based, and risk adjusted. Contracts would be for defined one-year terms and cover the ten essential benefits required in the marketplace. It could be paid on a global and/or professional risk basis to the physician groups. The capitated rate would be developed with reference to a commercial FFS benchmark developed based on regional FFS spend instead of a historical spend. The cap rate will need to be a multiple of Medicare to attract providers and succeed, but it would be lower than commercial but higher than Medicare FFS rate. Regardless of what the finalized cap rate would be, the notion is that a well-managed, capitated population would cost the Medicare Trust Fund less than an unmanaged FFS population. Total incentive compensation under this model must also make up a significant percentage of total compensation/capitation.

Capitated models also present an opportunity to address the growing disparities in health outcomes nationwide. A healthcare system that is explicitly capitated will organize groups to address and eliminate health disparities for the covered population through multiple means. First, risk adjustment under the capitation model can be designed to include social factors so that health disparities can be properly measured in the care provided by organizations and the care populations they will be accountable for. The quality performance measurement program must also include health equity measures so that organizations will have to account for underserved and vulnerable patient populations. Addressing health disparities is a top Congressional priority and a capitated model presents an opportunity to address this issue.

Thank you for your attention to the above comments. We reiterate our robust support for expanding healthcare coverage nationwide. We look forward to continuing to work with you throughout this process. Please feel free to contact Valinda Rutledge, Executive 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,



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