

Characteristics of a Rational Medicare Payment System (rev. 5/3/22)

Simplicity, relevance, alignment, and predictability, for physician practices and the Centers for Medicare and Medicaid Services (CMS).

Ensuring financial stability and predictability

- **Provide financial stability** through a baseline positive annual update reflecting inflation in practice costs, and eliminate, replace or revise budget neutrality requirements to allow for appropriate changes in spending growth.
- **Recognize fiscal responsibility.** Payment models should invest in and recognize physicians' contributions in providing high-value care and the associated savings and quality improvements across all parts of Medicare and the health care system (e.g., preventing hospitalizations).
- **Encourage collaboration, competition and patient choice rather than consolidation** through innovation, stability, and reduced complexity by eliminating the need for physicians to choose between retirement, selling their practices or suffering continued burnout.

Promoting value-based care

- **Reward the value of care provided to patients**, rather than administrative activities--such as data entry--that may not be relevant to the service being provided or the patient receiving care.
- **Encourage innovation**, so practices and systems can be redesigned and continuously refined to provide high-value care and include historically non-covered services that improve care for all or a specific subset of patients (e.g., Chronic Obstructive Pulmonary Disease, Crohn's Disease), as well as for higher risk and higher cost populations.
- **Offer a variety of payment models and incentives tailored to the distinct characteristics of different specialties and practice settings.** Participation in new models must be voluntary and continue to be incentivized. A fee-for-service payment model must also remain a financially viable option.
- **Provide timely, actionable data.** Physicians need timely access to analyses of their claims data, so they can identify and reduce avoidable costs. Though Congress took action to give physicians access to their data, they still do not receive timely, actionable feedback on their resource use and attributed costs in Medicare. Physicians should be held accountable only for the costs they control or direct.
- **Recognize the value of clinical data registries** as a tool for improving quality of care, with their outcome measures and prompt feedback on performance.

Safeguarding access to high-quality care

- **Advance health equity and reduce disparities.** Payment model innovations should be risk-adjusted and recognize physicians' contributions to reducing health disparities, addressing social drivers of care, and tackling health inequities. Physicians need support as they care for historically marginalized, higher risk, hard to reach or sicker populations.
- **Support practices where they are** by recognizing that the high-value care is provided by both small practices and large systems, and in both rural and urban settings.