

Statement for the Record

Submitted by

The Premier Inc. healthcare alliance

“Hearing on the Hospital Insurance Trust Fund and the Future of Medicare Financing”

Senate Finance Committee

Subcommittee on Fiscal Responsibility and Economic Growth

February 2, 2022

The Premier healthcare alliance appreciates the opportunity to submit a statement for the record on the Senate Finance Subcommittee on Fiscal Responsibility and Economic Growth hearing titled “Hearing on the Hospital Insurance Trust Fund and the Future of Medicare Financing” on February 2, 2022. We applaud the leadership of Chairs Wyden and Warren and Ranking Members Crapo and Cassidy and members of the Subcommittee for holding this hearing to evaluate the sustainability of the Hospital Insurance Trust Fund.

A critical component to improving quality and reducing healthcare costs for all Americans is to support innovative approaches for delivering care in value-based arrangements. Innovative Medicare alternative payment models (APMs)—like accountable care organizations (ACOs), bundled payment and other value-based care models that encourage clinical integration, innovation in care delivery and improved coordination across the continuum of care—have achieved savings for the Medicare program. Through large-scale data-driven collaboratives, the Premier healthcare alliance has for years worked with hundreds of hospitals, health systems and physician groups across the country to actively test and scale new models of care and build coordinated, population health capabilities through education, best practice sharing, measurement and benchmarking.

The movement to value has worked. Many payment models have achieved net savings to the Medicare program and there has been continually increasing adoption of value-based arrangements in the private sector. The proliferation of value-based arrangements has also led to savings in fee-for-service payment as providers apply best practices and learnings across their entire patient population, not just those in value-based arrangements. As a result, we have shifted the cost curve. Since the adoption of APMs in 2010, we have lowered the projected national health expenditures by 11.6 percent—in 2010 the estimate was \$13,723 per person by 2020, but in 2019 spending was estimated at \$12,128 per person.

Policies to accelerate and strengthen this ongoing transformation will help achieve even greater cost savings and quality improvements. Early in the pandemic we saw that healthcare providers engaged in APMs were better able to quickly adapt care to deliver higher quality and better coordination to keep patients healthy, all while managing an influx of emergency COVID-19 cases. Additionally, healthcare providers in models such as global budgets and capitated arrangements faced fewer financial hurdles as a result of having revenue streams not wholly tied to consistent volume of services. Value-based policy has also restructured the healthcare landscape to emphasize care that is wellness and population health focused, equitable and patient centered.

The bipartisan Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) established incentives for clinicians to adopt APMs. Additionally, these bonuses provide ACOs and providers in other Advanced APMs resources to invest in care and other activities that address social determinants of health. Because of the pandemic and delays in developing new value-based payment models, fewer clinicians than anticipated have moved to value-based payment and benefited from the bonuses. ***Congress should act now to renew the expiring MACRA bonus for Advanced APMs to get the healthcare system back on track to value-based care, which will help achieve sustainable Medicare spending.***

Premier is available as a resource and looks forward to working with Congress as it considers policy options to continue to address this very important issue.

If you have any questions regarding our comments or need more information, please contact Blair Childs, Senior Vice President of Public Affairs, at blair_childs@premierinc.com.