Bipartisan Policy Center

Opportunities for Federal Policymakers to Improve Primary Care: Reforms to Medicare Part B's Physician Payment System and Related Policies

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Agenda

1. Bipartisan Policy Center (BPC) Overview
2. BPC's Physician Payment Reform Work and Key Challenges Impacting Primary Care
3. Federal Policy Solutions
4. Q&A

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BPC Overview

BPC Overview

Founded in 2007 by Former Senate Majority Leaders
Howard Baker, Tom Daschle, Bob Dole, and George Mitchell

- **Washington, DC-based think tank actively fostering bipartisanship**
- Working with Republicans and Democrats to craft **viable policy solutions**
- Several program areas, including Health
  - **Health Program Leaders:** Former Senate Majority Leaders Tom Daschle (D-SD) and Bill Frist (R-TN)

BPC's Physician Payment Reform Work and Key Challenges

BPC's Physician Payment Reform Work

- The Medicare Access and CHIP Reauthorization Act of 2015 **(MACRA) passed with bipartisan support** but has failed to fully meet its policy goals
- **Greater participation in promising alternative payment models (APMs)** can improve care coordination, reduce chronic disease burden, lower clinician burnout, and slow Medicare spending growth
- **Expiration of a key financial incentive for APM participation** and **proposed fee-for-service changes** could result in clinicians exiting or not entering APMs
- **BPC will release recommendations to improve primary care physician payment and related policies**

Key Challenges

1. **Misaligned financial incentives—**such as inadequate compensation and insufficient resources for investment in care delivery transformation—discourage primary care clinicians from participating in promising APMs

2. **Inadequate data and processes:**
   - **limit CMS' ability to appropriately set Medicare Physician Fee Schedule (MPFS) rates**, compounding the challenge of administratively setting accurate payment rates; and
   - **Prevent policymakers from evaluating and setting targets** for the proportion of federal health care spending directed toward primary care

3. **Primary care clinicians face excessive administrative complexity and time-consuming and unproductive reporting burdens within APMs**
   - Burdens are amplified in under-resourced practices, e.g., small and rural practices

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Federal Policy Solutions

Federal Policy Reform Recommendations

I. **Accelerate primary care clinicians' participation in promising APMs** that promote care coordination, prevention, and delivery system transformation

II. **Improve data and processes** to ensure appropriate valuation of primary care services and enable measuring and target-setting for primary care spending

III. **Reduce administrative strain on clinicians by:**

- Streamlining programs to support adoption of certified EHR technology;
- Simplifying quality measurement reporting requirements; and
- Maximizing impact in allocating and distributing graduate medical education (GME) residency positions for primary care

I. Accelerate primary care clinicians' participation in promising APMs

1. Congress should **extend and restructure the Advanced APM participation bonus payment** to address misaligned financial incentives
2. CMS should **elevate and apply lessons learned from promising primary care-focused APM demonstrations,** including models that provide prospective payments, to support care delivery transformation and reduce model complexity
3. Congress should **exempt the new MPFS payment option, Advanced Primary Care Management (APCM) services, from beneficiary cost-sharing requirements**
4. CMS should report on clinicians' use of and other findings associated with APCM services to **inform the growth of hybrid payment models**
5. Congress and CMS should directly **incentivize primary and behavioral health care integration in new and existing APMs** to ensure improved coordination of care

II. Improve data and processes to ensure appropriate valuation of primary care services and enable measuring and target-setting for primary care spending

6. Congress should **establish an HHS advisory body within CMS,** which acknowledges current payment imbalances and strengthens internal data collection processes that support the appropriate valuation of services, including primary care services, under the MPFS

7. Congress should **require HHS to measure and report on primary care spending, including as a percentage of total health care spending,** across all federal health care programs and move toward setting a minimum spending target

III. Reduce administrative complexity and strain on primary care clinicians

8. Congress and HHS should improve administrative efficiency by **simplifying and consolidating similar federal grant programs** while ensuring consolidated programs support the adoption of certified EHR technology among small practices and rural primary care clinicians

9. CMS, with input from stakeholders and policy experts, should **standardize and align primary care quality measures across payers and payment models** to reduce administrative burdens on primary care clinicians in APMs

10. Congress and HHS should advance a **comprehensive strategy to address the shortage of primary care clinicians,** including by ensuring the adequate allocation and distribution of GME residency positions, particularly for primary care residencies

BPC's Forthcoming Reports and Issue Briefs

- **June 2025 report** on improving Medicare primary care physician payment and related policies
- **July 2025 issue brief** on the need for Medicare Part B physician payment reform (#2 of 3)
- **Fall 2025 report** on optimizing value in Medicare Part B through physician payment reform

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Q&A

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