



COMMITTEE ON
ENERGY & COMMERCE
DEMOCRATS
RANKING MEMBER FRANK PALLONE, JR.

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Pallone Opening Remarks at MACRA Hearing

Washington, D.C. – *Energy and Commerce Committee Ranking Member Frank Pallone, Jr. (D-NJ) delivered the following opening remarks today at a Subcommittee on Health Hearing on, “MACRA and Alternative Payment Models: Developing Options for Value-based Care:”*

Good morning. Thank you Mr. Chairman for holding this important hearing, and thank you to the witnesses for being here today.

We’re meeting today to discuss one of the great bipartisan success stories of this Committee, the Medicare Access and CHIP Reauthorization Act of 2015, or MACRA. MACRA built upon the successes of the Affordable Care Act to improve the quality and efficiency of the Medicare program, and of our healthcare system more broadly.

Prior to the ACA, healthcare services in the Medicare program were predominantly reimbursed on a fee-for-service payment model, which rewarded providers for the number of tests or procedures they performed instead of the quality of medical care provided. The ACA took major steps towards improving the quality of our healthcare system by creating new models of healthcare delivery within the Medicare program. These new payment and delivery models focused on transforming clinical care and shifting from a volume- to a value-based care model, such as Accountable Care Organizations or ACOs and Patient Centered Medical Homes.

These models prioritize the patient, with the goal of improving care coordination and patient outcomes while simultaneously lowering costs. They have reduced hospitalizations, emergency department visits, and have improved both the quality of care and access to care. There are additional opportunities to refine these models and increase savings, for example, by better targeting the riskiest and costliest patients for interventions. But I want to take a moment to recognize that while we continue to face challenges, the transformation to a value-based healthcare system is well underway.

With MACRA, we are entering the next phase of delivery system reform and further shifting the paradigm away from a volume-based to a value-based healthcare system. MACRA builds on these healthcare delivery system reform efforts by offering opportunities and

financial incentives for physicians to transition to new payment models known as Advanced Alternative Payment Models, or AAPMs. AAPMs must meet a number of criteria, and require clinicians to accept some financial risk for the quality and cost outcomes of their patients. Physicians can join existing and successful models that qualify as AAPMs, such as ACOs and the Comprehensive Primary Care Plus (CPC+) model, which we will hear about today. They can also develop their own models, known as Physician-Focused Payment Models.

A number of physician organizations have already submitted applications for approval by the Physician-Focused Payment Model Technical Advisory Committee, or PTAC. PTAC has been accepting and reviewing applications for Physician-Focused Payment Models over the last year, and has approved several for testing, including the ACS-Brandeis model we will hear about today from the American College of Surgeons. I look forward to hearing from PTAC about the application process, where these efforts fit within the broader context of delivery system reform, how these submitted models have been evaluated, and how models may be implemented going forward.

Our second panel of witnesses practice in a variety of settings across the country and represent diverse expertise and training. They each have a unique perspective to share with us regarding the implementation of MACRA and how it has encouraged a focus on quality and efficient healthcare. I want to thank you all for your commitment to delivery system reform—it is only through the sustained commitment of the leading physician organizations and clinicians such as yourselves that we can hope to bend the cost curve.

I look forward to discussing the tools and best practices providers are already using, some of the challenges and opportunities they have faced, as well as future efforts that can be employed to help make MACRA work effectively for all.

Thank you, I yield back the remainder of my time.

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