

February 13, 2013

The Honorable Fred Upton
Chair
House Energy and Commerce Committee
U.S. House of Representatives
Washington, DC 20510

Dear Chairman Upton:

The [Pacific Business Group on Health](http://PBGH.ORG) (PBGH) supports the House Energy and Commerce Committee's efforts to reform the way physicians are paid under Medicare. For over twenty years, PBGH has helped purchasers nationwide to improve the quality of health care and to moderate health care cost increases. PBGH serves as a voice for purchasers, leveraging the strength of its 60 member companies which provide health care coverage to 10 million Americans.

PBGH and its member companies believe that all sources of provider payment must be aligned to provide incentives that reflect gains in clinical quality, patient experience, and affordability. Our members recognize that Medicare payment drives market behavior and pricing, and must lead the way to a reformed and value-oriented system. The current health care system is designed to pay for volume – the number of medical services delivered – not the value of those services. Value is far more important; it considers the results of the services provided in exchange for the costs incurred. Today physicians and hospitals are not financially rewarded for delivering high quality care. They also have little incentive to work together to improve the patient's overall health and experience in the health care system. We believe that it is critical to develop a payment system that rewards quality, value, and coordination of care instead of the volume of services provided.

In a value-based system, physicians' financial rewards will be connected to objective performance on a number of quality metrics. How those metrics are designed and implemented will shape the behavior of thousands of health professionals and institutions. The currently available performance measures, however, are not adequate; they fail to measure many vital dimensions of modern health care, including patient-reported outcomes, care coordination, appropriateness and total cost of care. A primary reason that we lack useful, patient-centered quality and efficiency measures today is the lack of broad stakeholder participation in the measure development process. For that reason, we believe it important that the Congress provide support for further measure development and use, but insist on the full participation of all affected stakeholders.

Many parties have a stake in the development and use of better measures for physician payment. While physician involvement is critical in this process, the ultimate stakeholders are those who receive and pay

for medical care. It is essential for the process to involve all stakeholders, with strong representation from consumers and purchasers. As stated in the [Catalyst for Payment Reform](#)'s principles,

Decisions about payment should be made through independent processes guided by what serves the patient and helps society as a whole and must balance the perspectives of consumers, purchasers, payers and physicians and other health care providers. Payment policies for public sector programs should be developed based on a multistakeholder process that includes (at a minimum) formal representation from consumers, purchasers, clinicians, representatives of care settings, payers and manufacturers. Those setting payment policies should define payment based on patient value, assuring that majority governance rests with those who receive or pay for care.

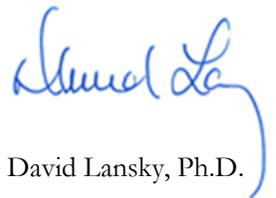
In developing measures for use in Medicare physician payment programs, we strongly recommend using the principles in the [Patient Charter](#). The Charter was developed in 2008 by a multistakeholder group, including the American Medical Association, to define principles for physician performance measurement, reporting and tiering programs, and its principles apply as well to physician payment programs. The four elements of the Patient Charter are:

1. Measures should be meaningful to consumers and reflect a diverse array of physician clinical activities.
2. Those being measured should be actively involved.
3. Measures and methodology should be transparent and valid.
4. Measures should be based on national standards to the greatest extent possible.

Finally, it is important for the measures used in Medicare payment to be similar to those used by other government programs as well as commercial payers. The use of a consistent core set of measures by all payers – public and private – will improve the efficiency of data collection and reporting.

We applaud the work of the Committee to reform the Medicare physician payment program, and we would be happy to provide further information, analysis and perspectives on these issues.

Sincerely,



David Lansky, Ph.D.

President & Chief Executive Officer