March 16, 2026

The Honorable Mike Crapo
Chair
Senate Committee on Finance

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance

The Honorable Jason Smith
Chair
House Committee on Ways and Means

The Honorable Richard Neal
Ranking Member
House Committee on Ways and Means

The Honorable Brett Guthrie
Chair
House Committee on Energy and Commerce

The Honorable Frank Pallone
Ranking Member
House Committee on Energy and Commerce

Re: Appreciation for Advanced APM Incentive Extension and Continued Medicare Payment Reform

Dear Chairman Crapo, Chairman Guthrie, Chairman Smith, Ranking Member Wyden, Ranking Member Neal, and Ranking Member Pallone:

The undersigned organizations thank you for your leadership in advancing value-based care in Medicare by including an extension of the Advanced Alternative Payment Model (APM) incentive payments in the Consolidated Appropriations Act of 2026. This action sends an important signal to physicians, hospitals, and accountable care organizations (ACOs) that Congress remains committed to supporting the transition to APMs and providing stability as clinicians continue to invest in models that improve quality of care and lower costs for Medicare beneficiaries.

APMs lower health care costs and improve outcomes by incentivizing proactive population health management, chronic disease management, and preventive care across the continuum. These models have demonstrated meaningful success in Medicare. ACOs in Medicare's Shared Savings Program, the agency's largest APM, lowered Medicare spending by more than $6 billion in 2024 and outperformed non-value-based models on quality and preventive care measures.[1] These and other APMs have generated billions of dollars in savings over the last decade and produced spillover effects that improve care and reduce costs across the health care system.

We value your continued leadership and commitment to advancing long-term policies to strengthen Medicare. As your committees work on policies to improve health care access and affordability, we encourage you to continue seeking opportunities to evaluate and advance proposals to improve the Medicare Access and CHIP Reauthorization Act (MACRA). To help ensure the long-term sustainability of Medicare physician payment, we respectfully propose the following changes for inclusion in a reauthorized version of MACRA:

- **Modernize Financial and Non-Financial Incentives —** Congress has an opportunity in reauthorizing the law to strengthen and modernize financial incentives for clinicians participating

[1] https://www.cms.gov/files/document/fact-sheet-ssp-py24-financial-quality-results.pdf

in APMs. MACRA was established to transition Medicare into payment models in which clinicians are held accountable for costs and quality. MACRA's financial incentives have helped more than 500,000 clinicians move into down-side risk models and invest in care coordination, technology, and preventive services that improve outcomes for patients. To maintain and build on this success, Medicare's financial incentives should be strong for clinicians participating in APMs to encourage and sustain participation over time. The system should also be modernized to reduce avoidable administrative burdens, such as those associated with quality measure reporting and certified electronic health record technology (CEHRT) requirements. Along with expanding participation to more physicians and hospitals serving rural and underserved populations that have struggled to transition to new payment models.

- **Stabilize Physician Payments and Prepare Clinicians for APMs —** Congress should reform Medicare's physician payment system to provide clinicians with a permanent annual update to compensate for practice cost inflation. Physicians and other clinicians are pressured by rising practice costs that make it increasingly challenging to adopt and sustain participation in APMs. Without regular, inflationary updates to Medicare payments, physician practices and hospitals will continue to struggle to make the necessary investments to participate in APMs. This is especially true for those that accept downside risk. The Merit-based Incentive Payment System, or MIPS, should also be restructured to reduce burdens on clinicians and prepare practices for a sustainable transition into APMs.

- **Leverage the CMS Innovation Center —** Congress should support the CMS Innovation Center in its efforts to establish more predictable and inclusive pathways for developing, evaluating, and permanently adopting successful models, while also focusing on establishing more models specifically tailored to rural communities and treating individuals with chronic conditions.

Thank you for your continued leadership. Our organizations look forward to collaborating with you to develop bipartisan solutions to strengthen and improve Medicare's physician payment system.

Sincerely,

America's Physician Groups
American Hospital Association
American Medical Association
Health Care Transformation Task Force
National Association of ACOs
Premier Inc.
Primary Care Collaborative
AMGA
America's Essential Hospitals
American Academy of Family Physicians
American Academy of Neurology
American Association of Orthopaedic Surgeons
American College of Physicians
American Osteopathic Association
American Society for Radiation Oncology
Association of American Medical Colleges
Association for Clinical Oncology
Association of Cancer Care Centers
Medical Group Management Association
National Rural Health Association
Renal Physicians Association
Society of Thoracic Surgeons

Cc:
Speaker Mike Johnson; Leader Hakeem Jefferies; Leader John Thune; Leader Chuck Schumer