

AMERICA'S PHYSICIAN GROUPS

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Major Reforms In Medicare and Medicare Advantage Would Enable Superior Care For Beneficiaries At Lower Cost, Says America's Physician Groups

As Congress prepares to vote on the confirmation of Mehmet Oz, MD, to be administrator at the Center for Medicare & Medicaid Services, his future leadership at the agency – and his partnership with bipartisan leaders in the U.S. Congress to effectuate major reforms in Medicare and Medicare Advantage -- would enable the programs to save money while delivering far better health outcomes for beneficiaries, America's Physician Groups (APG) said this week. The statement came as APG unveiled [a groundbreaking report, *Medicare Done Right: Prescriptions For Success*](#).

The recommendations in this report call for undertaking important changes to enable Medicare to best serve its wide variety of stakeholders: beneficiaries and their families; physicians, hospitals, and other health care providers; the nation's taxpayers, and society at large. As of 2025, 69 million Americans will qualify for the program, a number that will rise to as much as 82 million in 2033. Yet as the report notes, "the high and growing prevalence of chronic disease and disability among older Americans portend considerable demands on the U.S. health care system, at a time of widespread provider shortages and growing challenges in accessing care." In addition, the report observes, "health care costs continue to rise faster than the growth in the nation's economy," with affordability challenges for both beneficiaries and the nation.

As detailed in the executive summary [link here], APG makes the following recommendations in its report – the first group for the traditional Medicare program and the second group for Medicare Advantage:

- **The traditional Medicare program** should move fully in the direction of accountable care, with beneficiaries drawn into alternative payment models by adding comprehensive dental, vision, and hearing benefits to these arrangements only.
- "Non-accountability penalties" could be imposed on health systems and physician practices that declined to participate in alternative payment models (APMs).
- Congress and CMS should revisit current methodologies for setting spending parameters for APMs to foster greater participation and make the models sustainable over time.
- Congress should restructure cost and quality incentives in traditional Medicare, move away from the Merit-Based Incentive Payment System, and add back a restructured Advanced APM bonus program that would link bonuses to the number of beneficiaries attributed to an APM.
- A limited set of site-neutral payment reforms should be put in place on a budget-neutral basis, aligning payment across all sites of care for 66 ambulatory procedures and increasing payment for 108 primarily hospital-based services.
- **For Medicare Advantage**, policymakers should actively encourage and incentivize two-sided risk payment arrangements between MA plans and physician and other provider groups.

- New models of risk adjustment should be developed and tested that will better tie assessments of MA enrollees' health conditions with funding that reflects realistic costs of care.
- Reforms to prior authorization (PA) should include speeding the move to electronic PA, standardizing PA criteria across plans and making them more transparent, requiring plans and providers to increase quality and timeliness of communications to patients, and incentivizing or requiring MA plans to adopt "gold card" programs for contracted providers.
- CMS should test new aspects of the Quality Bonus Program and seek input from stakeholders before adopting new measures; it should also focus on a relatively shorter list of measures and prioritize those that matter to MA enrollees and demonstrably improve their health. CMS should also refine the current methodology of calculating Star Ratings to ensure that all MA plans are included in comparisons and that scores are predictable and transparent from year to year.
- CMS should conduct greater evaluation of the costs and value of supplemental benefits and publish the results transparently. These results should form the basis of decisions about continuing these benefits within MA and extending them into APMs in traditional Medicare.

If these changes were adopted by CMS and Congress, and accountability increased throughout traditional Medicare and MA, beneficiaries would be healthier and Medicare would save money, based on research¹ conducted by APG. For example, if the health outcomes obtained by APG groups operating in at-risk contracts in MA were shared by all enrollees in traditional Medicare, the savings could reach \$22 billion annually, according to APG estimates.

"APG is especially well suited to put forth these recommendations, given our longstanding commitment to being held accountable for quality and costs in health care," said Niyum Gandhi, Chair of the Board of Directors of APG and chief financial officer of Mass General Brigham. "The expertise that APG members have developed in running accountable models in both traditional Medicare and MA means that we are uniquely positioned to comment credibly on challenges in both areas, and on the critical changes needed to deliver better outcomes for patients and affordability for taxpayers in a sustainable manner."

"We look forward to engaging Administrator Oz, his CMS colleagues, others in the Trump administration, and members of Congress in advancing these ideas into policy," said Susan Dentzer, President and Chief Executive Officer of APG. "As former President Lyndon Johnson, who signed Medicare into law, once said, Medicare is "a test for all Americans – a test of our willingness to work together."² Our members want to work with other key stakeholders to lend their collective expertise and insight in building further accountability into this vital program."

About America's Physician Groups

APG's approximately 360 physician groups comprise 170,000 physicians, as well as thousands of other clinicians, providing care to nearly 90 million patients, including about 1 in 4 Americans and 1 in 3 Medicare Advantage enrollees. APG's motto, 'Taking Responsibility for America's Health,' represents our members' commitment to clinically integrated, coordinated, value-based health care in which physician groups are accountable for the costs and quality of patient care. Visit us at www.apg.org.####

¹ See, for example, these recently published research articles based on APG groups' experience: Cohen KR et al, Medicare Risk Arrangement and Use and Outcomes Among Physician Groups. *JAMA Netw Open*. 2025; 8(1):e2456074. 10.1001/jamanetworkopen.2024.56074, and Vabson B, Cohen K, Ameli O, et al. Potential spillover effects on traditional Medicare when physicians bear Medicare Advantage risk. *Am J Manag Care*. Published online February 26, 2025. doi:10.37765/ajmc.2025.89686.

² Lyndon B. Johnson, Statement by the President on the Inauguration of the Medicare Program, June 30, 1966. The American Presidency Project, University of California Santa Barbara, at <https://www.presidency.ucsb.edu/documents/statement-the-president-the-inauguration-the-medicare-program>.