

October 12, 2020

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Seema Verma, Administrator  
Brad Smith, Deputy Administrator & CMMI Director  
Centers for Medicare and Medicaid Services  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington DC 20201

Dear Administrator Verma and Deputy Administrator Smith,

It has come to our attention that the Centers for Medicare and Medicaid Services (CMS) recently issued an unexpected proposal that would radically alter the Bundled Payments for Care Improvement Advanced (BPCIA) model, posing a major threat to both hospitalists and Medicare beneficiaries. Specifically, CMS proposes to eliminate BPCIA's Physician Group Practice (PGP) offset, which makes it possible for independent hospitalist groups to participate in the model. The offset risk-adjusts for the fact that most hospitalist groups care for a subset of hospitalized patients that are more vulnerable and have more adverse social determinants of health, and are therefore more likely to be readmitted and use post-acute services. They are more costly in meaningful and demonstrable ways. As the percentage of patients that are cared for by a typical hospitalist group increases, the gap between hospital pricing and pricing with the PGP offset closes.

Without this offset in pricing, hospitalist groups will need to achieve an approximately 5.5% savings (compared to current PGP pricing) before achieving a single dollar of savings for gainshare. Put simply, the elimination of the PGP offset threatens the ability of all PGP hospitalist groups to participate in BPCI-A, because the barrier to achieve savings is too high and the risk is too great.

The Society of Hospital Medicine (SHM) represents the nation's hospitalists whose primary professional focus is the general medical care of hospitalized patients. As the single largest specialty that participated in BPCI and one of the largest participants in the BPCIA program, SHM and the hospitalists we represent share Medicare's commitment to alternative payment models as a means to move away from the fee for service Medicare system.

With thousands of participating physician practices at stake, SHM is disappointed that the CMMI would make this change to the BPCIA Model so late in the model timeline. Hospitalist group practices participating in these models have made very significant investments during the first three years of the program to succeed in the model. However, in proceeding with this change, hospitalists will be given just six weeks to interpret new target pricing, Clinical Episode Service

Line Groups, quality measures, and model design changes. The short timeframe being provided to process and apply these changes for 2021 is unreasonable and will compel many participants to drop out of BPCIA, destabilizing the model and the validity of its future results. The hospitalist sector of BPCIA is already in turmoil as they are not only actively responding to the COVID-19 pandemic, but also face an estimated 8% decrease in Medicare reimbursement from the proposed budget neutrality adjustment in the CY 2021 PFS. Eliminating the PGP offset for target prices in BPCIA's Model Year 4 (2021) will only make the current environment more challenging for hospitalists.

Hospitalists have been unwavering in their support for value-based care. Today, thousands of hospitalists are participating in BPCIA, where they are improving the lives of Medicare beneficiaries and delivering much-needed efficiencies to the Medicare program. Despite their efforts and investment, the CMS' proposal to eliminate the PGP Offset would force most, if not all, of them out of BPCIA. As such, SHM respectfully requests that CMS rescind or postpone this change until hospitalists and other PGP stakeholders can be involved in the creation of better solutions for the future of the program.

Sincerely,

A handwritten signature in black ink that reads "Danielle Scheurer MD". The signature is written in a cursive style with a large initial "D".

Danielle Scheurer, MD, MSCR, SFHM  
President, Society of Hospital Medicine