Milbank Memorial Fund

Using evidence to improve population health

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Dr. Mehmet Oz, Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
P.O. Box 8016
Baltimore, MD 21244-8016

VIA ELECTRONIC SUBMISSION

Re: CMS Calendar Year 2027 Medicare Physician Fee Schedule Proposed Rule and Request for Information on Redesigning Primary Care to Make America Healthy Again: CMS-1848-P

Dear Administrator Oz:

The Milbank Memorial Fund welcomes the opportunity to weigh in on the Calendar Year (CY) 2027 Medicare Physician Fee Schedule (MPFS) Proposed Rule and to offer our perspective on the accompanying Request for Information (RFI) on Redesigning Primary Care to Make America Healthy Again. We appreciate CMS's leadership on primary care payment in the proposed rules, and its willingness to look to the future through the RFI.

The Milbank Memorial Fund is an endowed operating foundation whose mission is to improve population health and health equity by connecting leaders and decision makers with evidence and sound experience. We aim to advance policies that create a more prevention- and primary care-oriented health system, with a focus on increasing primary care investment, improving access to high-quality primary care for all, and tracking the health of primary care in the United States.

In our comments, we focus on the provisions of the proposed rule with the greatest bearing on primary care and respond to select portions of the RFI. Specifically, we address:

- Rebalancing the MPFS so that payment better reflects the value of primary care;
- Improving how CMS values primary care services;
- Reducing beneficiary cost-sharing barriers to advanced primary care services;
- Proposed investments in whole-person primary care, including health coaching, shared medical appointments, and behavioral health integration;
- CMS's RFI on relative primary care payment, hybrid payment models, and the role of technology; and
- The importance of an ongoing, continuous patient relationship with a primary care team.

Why Primary Care Payment Reform Matters

High-quality primary care improves the health of individuals and communities and helps address the rising rates of chronic disease in the U.S. Milbank's Primary Care Scorecard, issued annually, has tracked, across states and over time, weakening investment in primary care and mounting workforce shortages. This year, Milbank published a report on the role of primary care in preventing and managing chronic disease. The report shows that having a usual source of primary care is associated with increased preventive screenings, better control of chronic conditions, and decreased health care costs. Nearly a third of Americans currently have no regular source of care, and the U.S. lags most other high-income countries when it comes to patients maintaining a lasting relationship with a primary care provider. That gap stands to widen as the primary care workforce shrinks, especially in communities that are underserved, including rural communities.

Reforming both the structure and the level of primary care payments is central to reversing these trends. Persistent underinvestment, together with a payment system still dominated by fee-for-service, works against the team-based, coordinated and relationship-based primary care patients need to stay healthy and thrive.

Comments on Regulatory Proposals

Evaluation and Management Visit Complexity Modifier

Milbank appreciates that CMS is proposing a modifier for office/outpatient E&M claims that recognizes the ongoing complexity of managing patient care. Raising the modifier to 32 percent for clinicians in Accountable Care Organizations (ACOs), combined with new growth incentives under the Medicare Shared Savings Program (MSSP), should engage more primary care clinicians with value-based care. At the same time, we urge CMS to be mindful of the unintended consequences of potentially pressuring practices and clinicians into ACO arrangements when they may not be fully prepared to enter those agreements.

We also encourage CMS to:

- **Increase transparency in funds flow.** As CMS steers additional dollars toward primary care and sharpens ACO incentives, it should ensure that funds flow to primary care practices, including those that are part of larger health systems. Milbank recommends CMS require ACOs to publicly disclose primary care payment levels at the practice level, along with the payment structure used (e.g., capitated, visit-based, RVU-based). That way, beneficiaries and policymakers have a way to confirm that resources meant for primary care make it to the frontline.
- **Support new entrants:** To encourage primary care practices to enter and succeed in ACOs, CMS might consider strategies that help practices build capacity for participation, including the provision of technical support.
- **Engage the primary care safety net.** Under the current proposal, Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) cannot bill the enhanced MOD2. Because FQHCs and RHCs form the backbone of the primary care safety net, CMS should open the enhanced E&M modifier to these settings as well, particularly given the mounting financial pressure that these clinics face.

Valuation and Practice Expense Methodology

The fee schedule has long shortchanged the relational work at the heart of primary care. Milbank supports two steps CMS has proposed: 1) adjusting how CMS allocates Indirect Practice Expense (PE) across all PFS services, to address a systematic overvaluation of more procedure-based services; and 2) eliminating the Indirect Practice Cost Index, which has tied valuation to a limited survey conducted nearly 20 years ago.

We also welcome CMS's shift toward empirical data, seen in the use of this year's analysis of Maryland's All-Payer Claims Database (APCD) to price surgical and diagnostic services. CMS should build on this work by seeking out comparable data-sharing arrangements with additional states. Such efforts offer a real-world, market-based check on valuation assumptions.

Additionally, we encourage CMS to establish a permanent panel of technical experts to advise on data sources and valuation methods, an idea echoed in the bipartisan Pay PCPs Act of 2026, which calls for a comparable Technical Advisory Committee to help guide modernization of the physician fee schedule.

Cost-Sharing
Milbank supports CMS's proposal to broaden the Part B beneficiary cost-sharing waiver -- piloted under ACO REACH -- to MSSP ACOs. Cost-sharing can present a barrier to primary care for beneficiaries and adds administrative burden for clinicians. Even a small co-pay can deter patients from seeking care, which can result in poorer health and costlier care later.

We also urge CMS to eliminate beneficiary cost-sharing for Advanced Primary Care Management (APCM) altogether. The relatively slow uptake of APCM appears to be a consequence of that cost-sharing requirement. Eliminating cost-sharing for APCM would advance the Administration's goals by supporting access to primary care and preventive services, while reducing administrative burden for clinicians.

Valuing Whole-Person Primary Care
Milbank appreciates CMS's encouragement of whole person care and health promotion. CMS's support of payment pathways for health coaching and shared medical appointments, along with increased coverage and payment for Diabetes Self-Management Training and Medical Nutrition Therapy are strong steps in the right direction. Boosting smoking cessation and Screening, Brief Intervention and Referral to Treatment (SBIRT) code values also emphasize prevention.

We urge CMS to lock in permanent status for the temporary health coaching codes. Health coaching is an important component of whole-person, preventive primary care. As with the E&M modifier, we encourage CMS to ensure FQHCs and RHCs can provide and bill for these services.

Milbank also is strongly supportive of behavioral health integration and commends CMS for its commitment to increase payments for the Psychiatric Collaborative Care Model (CoCM).

Input to Request for Information

Reconsidering Relative Primary Care Payment in the Medicare PFS
Addressing the "relative undervaluation of primary care services" is fundamental to changing how and how much primary care is paid. Milbank appreciates CMS's efforts through this RFI to rethink how primary care is valued relative to other services across office/outpatient E&M, the Annual Wellness Visit, and care management codes, as well as its exploration of a prospective primary care payment (PPCP) option. No matter the approach, promoting and facilitating continuity of care should remain at the center to ensure a patient has an ongoing and trusting relationship with their primary care team.

Milbank supports population-based hybrid payments, where incentives drive desired outcomes and provide long-term stability and flexibility in how services are delivered. A strict fee-for-service (FFS) payment structure doesn't allow for the flexibility and innovative service models key to delivering whole- person primary care. At the same time, FFS payments that accurately reimburse practices remain important. APCM and other care management services can prevent costly chronic disease complications, especially for those whose primary care practices do not participate in alternative payment models. In addition, ensuring accurate FFS payment provides building blocks for the future. Combining FFS with population-based payments can incentivize the provision of team-based, longitudinal whole- person primary care.

Establishing Prospective Primary Care Payment in the Medicare Shared Savings Program

Milbank supports CMS's interest in extending prospective primary care payment within MSSP. Drawing on what has been learned from CMS Innovation Center models, we offer the following recommendations:

- **Scope of covered services.** Prospective payment should encompass services that fall outside the office visit itself (care management and coordination), services where clinicians need more flexibility to meet patient needs (virtual communication, addressing social needs), and services that would benefit from lighter volume-based incentives (minor procedures, routine labs, and tests) consistent with what is already covered under ACO REACH and Primary Care Flex.
- **Adequacy of payment.** Clinicians in prospective payment models, including Primary Care First, have found that even payments exceeding FFS levels weren't always enough to drive meaningful improvements in care delivery. CMS should ensure payment amounts are sufficient.
- **Accountability for funds flow.** As discussed earlier, CMS should put safeguards in place to ensure prospective, population-based payments reach primary care clinicians, including those working within larger health systems.

We also note that CMS has signaled interest in extending capitated, population-based payment for primary care beyond MSSP, to practices not participating in an ACO. We encourage CMS to continue developing this option, including with FQHCs and RHCs to protect their prospective payment and all-inclusive rate structures, so the benefits of primary care payment reform are not limited to ACO participants.

Technology Should Extend the Capabilities of Primary Care

Milbank appreciates CMS's interest in how evolving technology, particularly artificial intelligence (AI), is transforming the way primary care gets delivered and what that means for payment policy going forward. A population-based hybrid payment model offers a path to support this shift: predictable, prospective per-member-per-month (PMPM) payments would give clinicians the resources to adopt new tools and the flexibility to deploy them as they see fit. At the same time, we believe that even as these technologies mature, the most powerful lever for improving outcomes and containing costs remains an ongoing relationship with a trusted primary care team.

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Thank you again for the opportunity to comment on the proposed rule and the RFI. Milbank sincerely appreciates CMS's continued focus on strengthening primary care.

We welcome the opportunity to discuss our comments in more depth and to underline our support of these important policy opportunities to strengthen primary care across the country.

Sincerely,

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