



Charlene K. MacDonald
President and CEO

Statement for the Record

House Committee on Energy and Commerce, Health Subcommittee “Examining Legislative Proposals to Reform Medicare Provider Payment and Bolster Health Care Cybersecurity”

September 15, 2026

The Federation of American Hospitals (FAH) appreciates the opportunity to submit this Statement for the Record as the Committee holds a legislative hearing on “Examining Legislative Proposals to Reform Medicare Provider Payment and Bolster Health Care Cybersecurity.”

As the federal representative for over 1,000 taxpaying hospitals across the country, our member hospitals employ nearly 500,000 health care workers and work with physicians who care for millions of Medicare beneficiaries each year in our hospitals. FAH also recognizes cybersecurity as a shared responsibility, and supports efforts to safeguard patient data, maintain continuity of hospital operations and ensure continued patient access to health care services amid evolving cyber threats.

PHYSICIAN PAYMENT

FAH is encouraged to see the thoughtful work undertaken by the Committee to identify improvements to physician payment policies in need of re-evaluation and reform. We support reforms to the Medicare and CHIP Reauthorization Act (MACRA) that will remove the constant threat of annual cuts and provide stable and fair physician payment updates that reflect the inflationary cost pressures facing Medicare providers.

More than a decade after enactment of MACRA, key elements of the statutory framework have not advanced along with changes in care delivery, and the law has failed to provide a stable payment regime for physicians. After providing modest annual updates in its early years, MACRA froze physician payment updates at zero from 2020 through 2025, requiring a series of short-term fixes to mitigate insufficient rates. Beginning in 2026, the law provides annual updates of just 0.25 percent for most clinicians and 0.75 percent for qualifying participants in advanced alternative payment models (APMs). By any measure of inflation, these updates have failed to keep pace with the cost of delivering care.

Congressional action is necessary to modernize the Medicare physician payment system, reduce unnecessary complexity and support the adoption of APMs that improve outcomes for patients. New care models should be appropriately tested by the Center for Medicare and Medicaid Innovation (CMMI) and participation should remain voluntary, allowing providers to adopt models that are clinically appropriate for their patients and organizations.

Additionally, Congress should reform the Merit-Based Incentive Payment System (MIPS) established under MACRA. Persistent challenges related to measuring attribution, specialty specific reporting limitations, and electronic reporting infrastructure impose significant administrative burdens on clinicians and hospitals. Reporting requirements also often emphasize process measures instead of outcomes, raising questions as to whether existing measures can adequately reflect quality performance or patient complexity. MIPS should be streamlined around a smaller set of clinically meaningful, outcomes-focused measures, with reporting



requirements that reduce administrative burden and more accurately reflect the patients and populations providers serve.

A strong physician infrastructure supports the entire continuum of care, and sustainable Medicare payment is essential to maintaining it. FAH looks forward to working with the Committee to advance physician payment reforms that provide greater stability, reduce unnecessary administrative burden and support high-quality care for Medicare beneficiaries.

CYBERSECURITY

Cyberattacks have exposed vulnerabilities across the nation's health care system and reinforced the need for close coordination between hospitals and government partners to prevent, prepare for and respond to cyber threats. Effective cybersecurity policy requires clear lines of responsibility, timely information sharing and strong coordination across the public and private sectors. FAH is committed to working with the Committee to strengthen the resilience of the nation's health care infrastructure.

Rural hospitals face particular challenges in recruiting and retaining the specialized information technology workforce necessary to address evolving cyber threats. FAH appreciates the Committee's attention to these challenges and urges that federal programs supporting rural hospital cybersecurity be available to all rural hospitals, regardless of tax status.

Cybersecurity is a foundational investment for FAH members, which continually work to strengthen their systems to protect patient and institutional data. No institution, however, can eliminate the risk of a cyberattack. FAH looks forward to working with the Committee to advance policies that strengthen preparedness and resilience while keeping patient care and access at the center of federal cybersecurity policy.

FAH appreciates the Committee's attention to these critical issues. Strengthening the physician payment system, modernizing MACRA, and improving MIPS are essential steps toward ensuring that Medicare continues to support high-quality, accessible care for the patients and communities our hospitals serve. We also welcome the opportunity to work with the Committee on the critical improvements needed to protect patient and institutional data from criminal cyber activity. We are eager to engage with the Committee to advance much-needed reforms.