

Written Testimony

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**before the
Joint Economic Committee**

***Stop Paying More for Less:
Realigning Healthcare Incentives to Improve Outcomes and Reduce Costs
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Good afternoon, Chairman Schweikert and Ranking Member Hassan. Thank you for holding today's hearing, *Stop Paying More for Less: Realigning Healthcare Incentives to Improve Outcomes and Reduce Costs*. Given the Committee's longstanding history of studying our nation's economic conditions, I applaud you for taking the time to examine what it takes to effectively align the right incentives in our health care system.

My name is Ed Clarke. I currently serve as Vice President and Chief Medical Officer of Banner Health Plans & Networks ("BHPN") – an integrated and population health organization of Banner Health, which is one of the largest nonprofit health systems in the country.

My team and I lead clinical strategy, quality and value-based performance for over 1.2 million covered lives spread across multiple states. This portfolio spans commercial insurance, Medicaid, Medicare Advantage and all our accountable care programs. A complex integrated health system such as ours relies heavily on performance metrics. This includes overseeing both patient and financial outcomes for Banner's own health plans, delegated Medicare Advantage risk arrangements, advanced payment models and our physician-led clinically integrated networks. It would be an understatement to say that integration is key.

Having two distinguished members of Arizona's delegation assigned to the Committee, I would be remiss if I did not also highlight a few state stats making this integration even more paramount. For example, Arizona is the 14th most populous state and the sixth largest by size. We are one of the fastest growing states, too, with over 2 million new residents since 2000.



Commensurate with this growth, our senior population (age 65+) is up by 48 percent over the past decade. That means 17 percent of the state's population is currently on Medicare and growing. Given these statistics, coupled with our vast geographic terrain of rural and dense metropolitan areas, it is my job to align physician incentives with Banner's overall mission; and the drivers behind those incentives start with quality, affordability, access and total cost-of-care reduction.

Banner historically began as a hospital delivery system. In 2012, however, we made a strategic decision to take risk on the outcomes of the populations we serve. This is a very different value proposition from our initial roots. Being an integrated and population health organization requires coordinating care *and* coverage. Moreover, it can only succeed if there is ample primary care provider participation and frequent intervention with patients.

The financing mechanism that holds all these units in place is premium based payment. It is the economic engine that serves as the catalyst for care coordination as well as the means for investment – not only in our patients but also in our clinicians and the systems around them. In short, it is what allows us to drive change if we are to keep pace with Arizona's economic growth projections as highlighted earlier.

An early adopter of electronic medical records, we built a series of medical outcomes dashboards courtesy of our integrated approach to care. It supports clinical decision making by tracking patient screening, prevention, chronic disease management, pharmacological data, patient entry points and emerging therapeutic trends despite workforce shortages, community health demands, supply chain interruptions and other challenges.

With 10,000 Americans becoming eligible for Medicare each day, and Trust Fund insolvency on the horizon, we want to take these years of risk assumption experience plus our Pioneer accountable care organization ("ACO") experience and pilot a Medicare Advantage demonstration. We have partnered with the Centers for Medicare and Medicaid Services ("CMS") for over a dozen years on similar types of endeavors.

To help quantify the partnership, Banner's ACO participation has generated over \$240 million in savings to the federal Medicare program while receiving quality scores in the top 2 percent of the country compared to other ACOs nationally. We are part of the Advanced Track Medicare Shared Savings Program ("MSSP"), which requires the highest level of financial risk. It is time, however, to apply this experience to the MA program taking both to the next level.

The keys to unlocking financial performance and improved patient care are not simple but they are achievable and ready for scale provided these types of partnerships have the right level of federal support. The keys include: premium based payment; seamless enrollment; team-based care; early intervention; optimal use of healthcare technology like pharmacogenomic testing; encounter-based risk adjustment and in select instances, reinsurance thresholds for catastrophic cases.

Unfortunately, a large portion of today's avoidable care can often be attributed to prescribing the wrong medications. By utilizing pharmacogenomic testing, which Banner is equipped to perform



and integrate across our network, we can better select medications that match a patient's metabolic and DNA profile to ensure prescribed medications have the desired therapeutic outcome and support adherence due to decreased side effects.

Premium based payment helps drive these types of investments further. It also avoids duplicative testing, moving high cost setting encounters such as ER visits to more appropriate sites-of-care. Establishing more continuous and frequent primary care touchpoints based on each patient's illness burden is core to the model; and planning these visits requires advance knowledge of those enrolled. Matching supply and demand for primary care services is critical. Finally, investing in emerging technology like in-home vital sign monitoring or tablet/smart device well-being platforms, which are synched with the primary care team, can help take that engagement to an even higher level.

These are some of the components we view as necessary to realign care. We look forward to working with you so we may continue incorporating them into new value-based care models, especially as it relates to Medicare Advantage. The optimal result: better alignment, better outcomes and better management for total cost of care.

As the Committee further examines these matters, I invite you to visit and see first-hand how Banner is reshaping the way health care is covered and delivered.

Thank you, Mr. Chairman and members of the Joint Economic Committee, for calling this important hearing. I am honored by the invitation to testify and look forward to answering your questions.