Medicare payment reform: The fight to fix Medicare now with Bruce Scott, MD [Podcast]

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Featured topic and speakers

Reforming Medicare payment is the top advocacy priority for the American Medical Association. Joining to discuss the steps the AMA is taking and what’s at stake is AMA President-elect Bruce Scott, MD. AMA Chief Experience Officer Todd Unger hosts.

- Read Dr. Scott's op-ed in The Hill.
- Tell Congress to fix Medicare now.
- Download physician advocacy resources like Medicare payment issue briefs, Medicare payment graphics and more.

Speaker

- Bruce Scott, MD, AMA president-elect

Transcript

Unger: Hello, and welcome to the AMA Update video and podcast. Today we're talking with AMA President-elect Dr. Bruce Scott in Louisville, Kentucky, about the AMA's campaign to reform Medicare payment, including the steps that we're taking and what's at stake. I'm Todd Unger, AMA's chief experience officer in Chicago. Dr. Scott, first, congratulations on being elected as the next president of the AMA. We're so glad to have you on the AMA Update.

Dr. Scott: Well, thank you, Todd. It's an incredible honor to be elected by my peers to lead our American Medical Association, and I'm very pleased to be with you here today on AMA Update.

Unger: Well, let's get right into it. Today's topic, Medicare payment reform. It's been a priority for the AMA for a long time, but let's start by talking about why it's so critical at this very moment.
Dr. Scott: Well, you're right. The AMA has long been advocating for Medicare payment reform, but this time is different. According to the AMA analysis of the Medicare trustee data, Medicare physician payments have only increased 9% over the last 22 years from 2001 to 2023. Meanwhile, the cost of running our practices has gone up 47% during that same period of time.

As a result, when you adjust it for inflation, Medicare physician payment has actually plummeted 26% since 2001. And the financial strain has been particularly severe on practices these last few years. During the pandemic, patients deferred or even abandoned treatments altogether. Staffing shortages worsened.

Many practices are struggling to overcome these financial and clinical disruptions, and then on top of that, we faced a 2% cut from Medicare last year, and now there's a potential additional 3.6% cut proposed for 2024. Unless we change course, continued access to quality, affordable care will be jeopardized for tens of millions of patients who need it most. That's why we made Medicare payment reform the first pillar of our Recovery Plan for America's Physicians.

Unger: Well, let's get into some of these efforts now that the AMA is working on. That's a really urgent numbers that you outline. What are we doing to urge policymakers to fix Medicare payment?

Dr. Scott: Well, Todd, I'm happy to tell you that there's been some progress made in Congress this year with the introduction of the Strengthening Medicare for Patients and Providers Act. That's HR 2474. I want your listeners to know that, HR 2474.

This is legislation that would tie the Medicare physician payment to an annual update related to inflation. That would actually help reflect the rising cost of care. The introduction of this bill is a strong first step and we're continuing to meet with representatives to strengthen our support.

The AMA and the Federation partners are calling on all physicians and our patients to show their support for the bill. We've created fixmedicarenow.org, a website which makes it easy for individuals to contact their representatives.

Although an essential part of the Medicare reform process is the annual inflation update, that's just part of the story. We're also working with state and medical and specialty societies on promoting solutions to what is called budget neutrality, which results in adjustments each year that result in further cuts in the Medicare payment to physicians. We need to simplify the program and correct the challenges that are making it result in these negative cuts.

To be successful, the issue of Medicare payment reform must remain front and center. We're using all of our platforms to elevate the issue, to share physician stories. We're getting the story out to the media, but we need the public and physicians help. Along this line, we ask all of your listeners right now to go online to fixmedicarenow.org.
Unger: Again, fixmedicarenow.org, and Dr. Scott, you said something really important that we've heard time and time again, which is the importance of physician stories to really bring the kind of situation to life for people on the Hill. And on that note, you wrote an op ed for The Hill about Medicare payment reform. And you shared how payment cuts have personally affected your practice. Can you share some of the details about that?

Dr. Scott: Certainly. I serve patients in a six physician, independent private practice in Louisville, Kentucky, and frankly, we're struggling to remain financially viable in large part because of Medicare reimbursement stagnation over two decades. Like everyone else, our employees are feeling the sting of inflation. On almost a weekly basis, one or more of my employees come to me telling me that they need a higher pay to cope with the cost of living, the cost of gasoline, the cost of groceries. Yet, the reimbursement we receive from Medicare and from third party payers hasn't risen accordingly. In addition, I faced the challenges of a changing labor market. I'm competing now for staff with the likes of UPS and Ford. We've had some of our long-term health care staff actually drop out of health care altogether and move over to other industries so they can better support their families.

Unfortunately, my story isn't unique. The same situation is playing out in practices across the nation. Urban areas, rural areas all around our nation.

I think there's a misconception in this debate about physician payment and reimbursement. The payment doesn't just go into the physician's pocket. It pays for the increasingly expensive supplies, all the equipment that we use. It supports the entire practice, our staff, and literally keeps the lights on.

Unger: Time and time again, especially when we talk about these issues that are in the Recovery Plan for America's Physicians, we've seen that if you can explain it to policymakers and patients, if you can bring these stories, you bring the facts, they can see that change is really needed. When you're out there explaining this problem, what are the misconceptions that people have on this issue?

Dr. Scott: Well, another misperception that many patients have is that the entire medical bill goes to the physician. Yet, physicians pay makes up less than 10% of the health care spend. Take a tonsillectomy, a procedure that I do, for example. While the total bill that the patient receives will be thousands of dollars, my practice is reimbursed less than $300 for the surgical procedure and that includes all the post-operative care.

You see, this is not just a Medicare problem, because what has happened is private payers are well aware of the downward spiral of Medicare reimbursement, so they've taken advantage of it and they tie their physician contracts to the Medicare payment schedule. Take my practice, again, for example. In our case, a major insurance company recently put forth a contract renewal that's based upon Medicare reimbursement rates.
It has surgical rates that are going to pay us less than they paid us six years ago, and yet my expenses have absolutely risen significantly since 2017. Now, we tried in good faith to negotiate with them for the last several months, but they've not moved off of their initial offer. This insurance company controls over 60% of the private payer market in our region.

They have no incentive to negotiate. We're not sure we can survive if we sign the contract, but if we cancel the contract, our patients will suffer, and frankly, financially, we lose either way.

**Unger:** And that creates just a huge challenge and the kind of situation you're talking about creates instability for patients and practices like yours. It puts you in an impossible financial position. But that's not the only problem here. Medicare also creates additional administrative burdens for physicians. What's the AMA's view on that?

**Dr. Scott:** Well, you're correct again. Complying with Medicare's requirements takes about 200 hours a year for the average physician. That's 200 hours per physician, per year just to comply with the requirements of what is called the Medicare Merit-based Incentive Payment System, or MIPS.

In addition, just complying with this costs an average of $12,800 per physician, per year. So not only are practices struggling financially due to inadequate Medicare payment, but then they have to spend time and money complying with Medicare's program requirements. Imagine if those 200 hours of work each year could be put back in to patients being taken care of by the physicians. We face a physician shortage, and yet physicians are being burdened and they're using their time to fill out forms and take care of burdens that Medicare has placed upon us.

**Unger:** So in summary, costs up dramatically, reimbursements down, and administrative burden continues to be just an enormous problem. Dr. Scott, such an important issue, and obviously, a key component of the AMA's Recovery Plan for America's Physicians. Take a look at what we're doing on this front ama-assn.org/recovery. And again, as Dr. Scott mentioned earlier in the segment, fixmedicarenow.org. So important to hear your stories. So important that medicine speaks with a unified voice on this topic.

Thanks so much for joining us, Dr. Scott. Really appreciate your perspective. We'll be back soon with another AMA update. In the meantime, you can find all our videos and podcasts at ama-assn.org/podcasts. Thanks for joining us. Please take care.

**Dr. Scott:** Thank you.

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