

Cutting Medicare pay during COVID-19 pandemic doesn't make sense

JUL 13, 2020

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What's the news: Physicians practicing in certain medical specialties—already facing severe economic strain and uncertainty while continuing to meet the needs of patients during the pandemic—may be subject to significant Medicare payment reductions in 2021.

That is why the AMA and more than 100 other health care organizations are strongly urging the U.S. Health and Human Services Department (HHS) to provide regulatory relief to hard-hit medical specialties whose practices suspended procedures during the COVID-19 public health emergency.

In addition to financial hardships and instability related to the pandemic, these specialists now face deep cuts in Medicare payment because of statutory budget-neutrality rules that require the Centers for Medicare & Medicaid Services (CMS) to offset the upward payment adjustments created by widely supported revisions to CMS policy that better describe and recognize the resources involved in office visits.

“We strongly urge HHS to utilize its authority under the public health emergency declaration to preserve patient access to care and mitigate financial distress due to the pandemic by implementing the office visit increases as planned while waiving budget neutrality requirements for the new Medicare office visit payment policy,” says a letter to HHS Secretary Alex Azar from the AMA and the other organizations.

Physicians who rely primarily on office visits for their practice revenue, including primary care physicians, will experience much needed revenue increases and reduced documentation burdens when the new coding and payment rules take effect.

However, physicians and health professionals who report relatively few office visit codes, including radiologists, pathologists and physical therapists, face an estimated 8% payment cut for 2021.

Specialties including general surgery, critical care medicine, anesthesiology, emergency medicine

and hospital medicine face estimated cuts ranging from 5% to 7.8%.

These budget-neutrality driven cuts will also serve to reduce the positive impacts of the office visit changes for primary care physicians, oncologists, pediatricians, and other specialties for whom office visits are a high proportion of their services, the letter says.

“Payment reductions of this magnitude would be a major problem at any time, but to impose cuts of this magnitude during or immediately after the COVID-19 pandemic—including steep cuts to many of the specialties that have been on the front lines in efforts to treat patients in places with widespread infection—is unconscionable,” the organizations state in the letter.

Why it’s important: Survey and claims-data analysis suggests that physician practice revenue plunged 50% between March and May.

While some practices are in the initial phases of reopening, patients may still be unable or unwilling to visit practices or other care sites for services or procedures. Patient volume may also be kept low due to physical distancing safety precautions or a practice’s inability to secure sufficient supplies of personal protective equipment (PPE).

Many of these practices also typically face seasonal slowdowns between June and August that cut revenue by 25%.

While some revenue loss has been offset by the Coronavirus Aid, Relief and Economic Security (CARES) Act Provider Relief Fund, the estimated \$11 billion distributed so far makes up for only about 10% of the total estimated loss experienced by practices during the pandemic.

Learn why a new COVID-19 relief fund distribution targets Medicaid/CHIP doctors.

CMS has also helped sustain practices in the initial stages of the pandemic through its Accelerated and Advance Payment (AAP) Program that resulted in a \$40.4 billion lifeline to physicians, health care professionals and other Medicare Part B suppliers. But, under current terms, CMS will begin recouping these loans in August by offsetting Medicare payments.

Learn how the AMA and other organizations advocate for regulatory and statutory improvements to AAP Program loan-repayment terms, including a much lower interest rate and postponement of the recoupment of disbursed funds until 365 days after the advance payment has been issued to a practice.

But, even if terms are improved, physicians will either have just paid off the loans or be in the process of repaying them when the budget-neutrality payment cuts go in effect—compounding their negative impact.

“For these reasons, our organizations strongly urge HHS to use its authorities and flexibilities under the public health emergency to implement the office visit increases and waive the requirement for CMS to adjust Medicare physician payments for budget neutrality when it implements the office-visit coding and payment changes that it has finalized for 2021,” letter concludes.

Learn more: The AMA has advocated that Medicare pay should recognize value of surgeons’ office visits.

Stay up to date on the ongoing work of the AMA-convened Current Procedural Terminology (CPT®) Editorial Panel regarding office visits and other COVID-19 related payment issues.