

Bill puts 2-year freeze on Medicare services set for 2021 pay cuts

NOV 13, 2020

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What's the news: A coalition of organizations representing physicians and allied health professionals, including the AMA, sent a letter to congressional leadership expressing support for H.R. 8702, the "Holding Providers Harmless from Medicare Cuts During COVID-19 Act of 2020." The bill was introduced by Reps. Ami Bera, MD, a California Democrat, and Larry Bucshon, MD, a Republican from Indiana.

H.R. 8702 would effectively freeze payments at 2020 rates for services scheduled to be cut in 2021 for a period of two years, while allowing the planned E/M payment increases to take place as scheduled. It would also avert steep payment cuts for hospital, nursing home and critical care visits. At the end of the two-year reprieve, the full budget-neutrality adjustment would take effect.

"This critical legislation recognizes the importance of allowing significant scheduled pay increases to primary care and others who primarily provide E/M services to take effect while also avoiding the devastating corresponding cuts for physician and nonphysician providers that will occur because of Medicare's budget-neutrality requirements," says the letter from the AMA and more than 70 other signatories.

"Given the ongoing COVID-19 pandemic, it is more important than ever to halt the implementation of any payment reductions that could inadvertently limit patient access to care as well as further exacerbate the financial instability of health care provider practices," says the letter.

Under the bill, all medical specialties will benefit from higher average payments under H.R. 8702. No specialty would experience a negative impact below 0%—as opposed to a cut of 11% under current law—and specialties anticipating total Medicare payment increases in 2021 will see additional increases.

Read about the five changes the Centers for Medicare & Medicaid Services should make to the 2021 Medicare physician payment schedule

Why it's important: The legislation was drafted in response to the anticipated impact of the 2021 Medicare physician payment schedule rule, whose release is expected in early December, that will cause a significant redistribution in payments beginning in January. In the proposed rule issued last summer, the Centers for Medicare & Medicaid Services estimated the range of impacts on specialties to range between an 11% drop and a 17% rise, depending on the mix of services provided.

The AMA and others have been arguing for waiving the budget-neutrality requirement, or at least postponing it during the COVID-19 pandemic, given the pandemic's already severe impact on practice revenues. However, due to the budget impact and concerns in Congress about setting a precedent of legislative intervention into statutory budget-neutrality requirements, a total waiver is no longer being discussed.

The pandemic has hit all specialties hard, and there is no question that payment reductions in a program as important as Medicare threaten practice viability and must be stopped. The AMA is supporting H.R. 8702 because it will stop very ill-timed Medicare payment cuts while allowing scheduled payment increases to move forward.

Final legislation will be crafted by the committees of jurisdiction. They are watching developments on the Bera-Bucshon legislation closely as a potential solution that does not involve an actual waiver of budget neutrality.

Find out why a bipartisan majority has backed a move to avert possible E/M cuts.

Learn more: The AMA has got you covered when it comes to helping your prepare for the 2021 changes to E/M coding and documentation guidelines. The AMA's extensive resource library includes 10 tips to prepare your practice for E/M office visit changes.

The AMA's work in this area is part of its continuing effort to cut administrative burdens and other obstacles to patient care.