

# Medicare sequester stakes rise with 6% doctor pay cut in store

MAR 8, 2021

**Kevin B. O'Reilly**

News Editor

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Already staring down the April expiration of the moratorium on the Medicare sequester that would cut Medicare physician pay by 2%, the AMA is now raising the alarm with congressional leaders about an additional 4% cut triggered by passage of the president's American Rescue Plan Act.

Medicare physician spending fell by as much as 57% below expected pre-pandemic levels in 2020, according to the AMA's recent analysis of Medicare physician services claims data.

While Medicare spending on physician services partially recovered from the April low, it was still 12% less than expected by the end of June 2020. During the first half of 2020, the cumulative estimated reduction in Medicare physician spending associated with the pandemic was \$9.4 billion—19%.

Results from an earlier AMA-commissioned survey of 3,500 practicing physicians conducted from mid-July through August 2020 found that 81% of respondents were still experiencing lower revenue than before the pandemic. The Consolidated Appropriations Act, 2021, signed into law last December, postponed the Medicare sequester until March 31, 2021.

Find out why Congress must act now to prevent Medicare physician pay cuts.

## From bad to worse

“Now, as Congress prepares to pass an economic stimulus plan, physician practices confront an even greater threat of Medicare cuts in 2022,” AMA Executive Vice President and CEO James L. Madara, MD, wrote in a letter to House Democratic and Republican leaders.

The American Rescue Plan Act of 2021 would set in motion pay-as-you-go statute reductions in Medicare spending of 4% next year, for a total of \$36 billion, according to a Congressional Budget Office analysis.



“We strongly oppose these arbitrary across-the-board Medicare cuts, and the predictably devastating impact they would have on many already distressed physician practices,” Dr. Madara wrote.

The AMA is urging Congress to act now to prevent the triggering of Medicare cuts that would result from final passage of the American Rescue Plan Act. Dr. Madara reiterated the AMA’s support for passage of H.R. 315, the “Medicare Sequester COVID Moratorium Act,” which is bipartisan legislation to continue the Medicare sequester moratorium for the duration of the public health emergency.

Learn more about COVID-19’s financial impact on physician practices.