Watch the AMA’s daily COVID-19 update, with insights from AMA leaders and experts about the pandemic.

**Featured topic and speakers**

In today’s COVID-19 Update, Todd Askew, the AMA’s senior vice president of advocacy in Washington, D.C., details the 2% Medicare sequester and Medicare payment cuts, the impact of the pandemic on physician practices and the American Rescue Plan Act and Provider Relief Fund.

Learn more at the AMA COVID-19 resource center.

**Speakers**

- Todd Askew, senior vice president, advocacy, AMA

**Transcript**

**Unger:** Hello, this is the American Medical Association's COVID-19 Update. Today, we’re joined by Todd Askew, AMA senior vice president of advocacy in Washington, D.C., who will give us an update on AMA’s latest advocacy efforts. I’m Todd Unger, AMA’s chief experience officer in Chicago. Mr. Askew, I wanted to spend some time first on Medicare payment cuts and what this will mean to physicians. To provide some context, how has COVID-19 financially impacted many physician practices? It’s not been good.

**Askew:** So you’re absolutely right, Todd. Thanks for that. The COVID-19 pandemic has been absolutely devastating for many health care practices with folks avoiding elective procedures and preventive care in large measures, especially early in the pandemic. AMA has analyzed Medicare claims to kind of get a feel for this type of impact. And we found that physician...that spending on physician services in April of 2020 was down as much as 57%. And this is just obviously in Medicare.

Copyright 1995 - 2021 American Medical Association. All rights reserved.
We saw E&M visits spending on those dropped by almost 50%, spending on imaging procedures and tests fell between 65 and 70%. And so, during that first half of the year, beginning really in March and really peaking at a bottom down in April, the cuts were tremendous. Nine and a half billion dollars just in the first half of a year on Medicare alone. And you have to assume similar trends for other type of payers. And so-

**Unger:** Do you see that kind of continuing past?

**Askew:** We've seen a slow recovery, basically since the bottom in April, we've seen a slow creep back up as people have begun to get the necessary care to re-engage with their providers, as people have become more comfortable on how to operate safely in a COVID environment. There's recovery going on and we're approaching back levels where it should be, that deficit is not coming back. And there were obviously federal programs to help keep a lot of practices afloat. It wasn't enough for some practices, unfortunately. But that is just a hole that has been created. And some of it will be made up as patients return and get the colonoscopies and the mammograms, the other procedures and tests that they put off. But a lot of that care is just going to be forgone and we'll never make up for it. So it's a tremendous hole that we need to recognize and continue to do what we can do to support physician practices, trying to deal with that deficit.

**Unger:** Well can you talk a little bit about sequester cut and what that means.

**Askew:** Sure. So we're dealing with a couple, but I think the one that's most relevant to us today is the 2% cut that's scheduled to go into effect on April 1st, just a couple of days away. Now sequester actually began back in 2011, when Congress passed the budget control act and they tasked this so-called super committee with coming up with a plan to reduce federal spending by $1.2 trillion. And kind of as a stick, in case they didn't achieve this, they would have to face a sequester, which is basically an across the board cuts in mandatory spending. Now Medicare was limited to 2% cut under that role, but if they did not come to an agreement, we were supposed to have scheduled cuts through 2022. Now, obviously they didn't come to an agreement. The schedule cuts, which were supposed to be so draconian went into effect and conjured Congress scrambled to stop them from happening in future years, but they don't really make them go away.

You notice it was supposed to end in 2022. Well, now it's supposed to end in 2031. Because the way they fund stopping one year's cuts, is to add cuts into the 10th year. That way they can all set the cost of stopping a cut this year. But a cut 10 years from now is worth more money than it cut today. So it creates additional resources which they can then spend on other priorities. And so we've created this kind of addiction to preventing the cut one year at a time and spending that money on other priorities. And that's where we are today. Congress prevented the cut in a stimulus bill at the end of last year, but only did it for three months. And so this moratorium on that sequester is going to expire on April 1. Obviously there are efforts underway, full bore, and both chambers of Congress to stop that from happening. Hopefully we, and we believe it will happen, that we can stop these before the April 1
deadline and extend it, at least through the end of the year or the end of the public health emergency.

**Unger:** Yeah, because there's a...I mean, based on what you've talked about already, this is a terrible time for that. And it's not really a short term thing. This is something that needs to be fundamentally rethought. And from what I understand, the passage of the American Rescue Plan Act has created an additional challenge. Can you talk about that?

**Askew:** Sure, unfortunately deficit spending is the gift that keeps on giving in our current rules. There are statutory PAYGO requirements in the law, which mean that if Congress passes legislation that has deficit spending in it or increases the deficit, or it's not offset by other revenues, then you have to apply across the board sequence duration there as well. So for Medicare, that's limited to 4%. For other sectors that are affected, there is no limit. There are low-income programs are exempted and other programs. So social security, Medicaid, CHIP, SNAP, TANIF, unemployment, these programs are exempted. So all the costs of sequestration is then visited upon other programs. Think student loan origination fees will go up. Medicare would be cut by 4% across the board each year, this is necessary. Payments to farmers. So I mean, there's a broad coalition of folks that are against us.

Usually when PAYGO is going to be triggered in a bill, Congress will just wave it. They make up their own rules. And they'll just say, "well never mind, we're not going to count this particular spending against determining whether or not we need sequestration". But because of the partisan way in which the American Rescue Plan was done through reconciliation with very tight rules and really no wiggle room to lose a single vote on the Democratic side, they were not or chose not to at this time to wave PAYGO. And so, though that estimated 4% cut in Medicare and other cuts in a lot of other sectors would go into effect in 2022. Now, there is a lot of sentiment that that is not going to happen, but Congress being Congress, it's not until they're really on the precipice of a crisis, where they're able to build the momentum and the will to take action. And so it looks like this is probably going to be put off.

**Unger:** So, of course the onus then falls to folks like you and the American Medical Association to help fight these cuts. Can you talk about what the AMA is doing right now to prevent that?

**Askew:** Sure and it falls to all of us and that includes physicians and through our grassroots network. And we just sent out an alert in the last couple of days to let people know what's going on. There have been several bills introduced to wave the 2% cut, as well as the bill that just passed the House in the last week that would not only waive the 2% cut until the end of the year, but would eliminate the sequester requirement for the 4% cut. Now, that bill passed the House. There were 20 or 30 Republicans that voted for it, but there's just not the support for it in the Senate. And so over the last few days, there have been behind the scene negotiations going on between leaders Schumer and McConnell, on how to proceed. And we believe that they have come up with a solution that for now would suspend the 2% cut through the end of the year, paid for with our old trick of adding on back in 2031, I think it's the next year they can add on to, but that stops the 2% cut.

And we hope that if nobody objects that they will be able to proceed with that this week, before they
go on recess. So the House is already... It's not going to have time to act on it. But, we are pretty confident that when the House comes back from recess, they will be able to act on it quickly. And it will happen before Medicare starts processing April claims. And so if all these pieces fall in place, we should see the 2% waived until the end of the year with no immediate impact on Medicare claims that may occur after April 1.

Unger: Okay. So, just back to the American Rescue Plan Act, we’ve talked about, the negatives with the sequester and the cuts. There are a lot of benefits built into the American Rescue Plan Act. Can you talk about what those are?

Askew: Sure. Well, it's a huge piece of legislation. I believe it was $1.9 trillion aimed at stimulating a broad sector of the economy shoring up pieces of the economy and other priorities that have not received a lot of attention or support recently. And a lot of that includes a public health workforce, additional resources to provide to combat COVID, economic relief for a lot of folks that are vulnerable, stimulus payments for people that can hopefully inject that money into the economy and help continue the economic recovery. So, there's a lot in there for physicians specifically for providers, but I think the best way to look at one of the biggest benefits for providers for physicians is not just... There's a little more provider relief funding, but it is efforts that are taken to keep their patients insured and to make sure that some of their patients who don't have insurance now are able to get it.

And so we have reopened, obviously President Biden reopened enrollment in the ACA. The American Rescue Plan helps get rid of the 400% cap temporarily on subsidies that make those plans more affordable. It increases subsidization of those plans for a temporary period to help people afford them. But for people who have lost their jobs and therefore their health insurance, it provide six months of subsidies so they can afford COBRA coverage and to keep their coverage from their previous employer. For States that have not yet expanded Medicaid under the ACA, it provides incentives for those states to do that, to take care of that gap of patients who don't have access to Medicaid or ACA right now. And there's also a one year option for states to expand Medicaid for a year postpartum to help us begin to tackle some of the tragedy that we see in our maternal mortality rates. And so, there's a lot in there for patients, which I think flows through to be good for physicians.

Unger: That is excellent news. And of course, a lot of money in there for pandemic response including vaccinations, which will help us hopefully accelerate our move forward. Last question for you. Mr. Askew. Physician mental health obviously greatly impacted by the pandemic and really in the spotlight right now. Can you talk about recent advocacy efforts supporting this issue?

Askew: Sure Todd, that's a great question. And it's a critical issue and we have seen probably more stress in this last year on the physician workforce and the other health care providers than we have seen in really anybody's memory. What they've had faced, what they've been called on to do. That layered on top of the stresses that we're all feeling and that we're all dealing with in this environment. And there have obviously been some tragic cases of physicians taking their own lives. Substance
abuse is up, the stress is just off the charts. And so, one of the pieces of legislation that the AMA has strongly supported is the Dr. Lorna Breen, a health care provider protection act. Dr. Breen was a physician who unfortunately took her own life after having been through some of the stresses that so many are going through.

And so the legislation, it was included in the American Rescue Plan or a significant portions of it. And it will provide funding for training and educational programs and other initiatives to promote mental and behavioral wellness of health care workers. And it's just a critical piece. This is not the end. This is just the beginning of the conversation and the work we have to do to kind of build in and support the resiliency of our health care workforce. And it is something that I think has been brought to light the vulnerabilities there in what we have faced in the last year and is going to have to be a priority for us and for policy makers going forward, if we're going to be able to be prepared for events like this in the future.

Unger: Well, thank you so much. We had Dr. Breen's family on many months ago, and it's good to see that that act was included in the latest round of funding. Mr. Askew, thanks so much for being here and outlining the work that's going on, on advocacy. It's a tremendous amount that's been happening. We appreciate you and your team's efforts, as well as all the physicians out there for standing with us. That's it for today's COVID-19 Update. We'll be back with another segment shortly. In the meantime, for resources on COVID-19, visit ama-assn.org/COVID-19. Thanks for joining us, please take care.

Disclaimer: The viewpoints expressed in this video are those of the participants and/or do not necessarily reflect the views and policies of the AMA.