

Congress must not take physicians' Medicare pay to build bridges

JUL 27, 2021

Kevin B. O'Reilly

News Editor

What's the news: The AMA is ringing the alarm bell on the fiscal cliff expected to hit U.S. physicians come January and urging Congress not to divert doctors' Medicare payment to help pay for infrastructure spending.

All told, physician practices face a 9.75% Medicare pay cut starting Jan. 1.

As AMA Executive Vice President and CEO James L. Madara, MD, explained in a letter to House and Senate leaders, here are the hits to doctors' pay on deck in 2022.

- Expiration of the current reprieve from the repeatedly extended 2% sequester stemming from the Budget Control Act of 2011. Congress originally scheduled this policy to sunset in 2021 but it will now continue into 2030.
- Imposition of a 4% statutory pay-as-you-go (PAYGO) sequester resulting from passage of the American Rescue Plan Act, presumably for at least another 10 years. Should lawmakers fail to act, it will mark the first time that Congress has failed to waive statutory PAYGO.
- Expiration of the congressionally enacted 3.75% temporary increase in the Medicare physician fee schedule (PFS) conversion factor to avoid pay cuts associated with budget neutrality adjustments tied to PFS policy changes.
- A statutory freeze in annual Medicare PFS updates under the Medicare Access and CHIP Reauthorization Act (MACRA) that is scheduled to last until 2026, when updates resume at a rate of 0.25% a year indefinitely, a figure well below the rate of medical or consumer price index inflation.

Combined, physician practices face a 9.75 percent cut on January 1. On top of that, potential penalties under the Merit-Based Incentive Payment System will rise to 9% next year.

On the first item, the 2% sequester, there are now proposals being floated to use that money to help

pay to rebuild the nation's roads and bridges.

Why it's important: "All this financial uncertainty comes at a time when physician practices are still recovering from the financial impact of the COVID-19 public health emergency, including continued infection control protocols that, while necessary, have increased the costs of providing care," Dr. Madara wrote.

"The combination of all these policies would be challenging to endure in normal times. Yet, physician practices continue to be stretched to their limits clinically, emotionally and financially as the pandemic persists well beyond 15 months. The enactment of further Medicare payment cuts will undoubtedly threaten patient access to care."

After adjusting for inflation costs, the AMA noted, Medicare physician pay actually dropped by 22% between 2001 and last year, about a 1.3% annual decline.

The AMA is urging Congress to pass legislation to prevent the fiscal cliff awaiting on January 1 and to hold hearings on how to permanently improve the Medicare physician payment system.

"The state of the program is increasingly dysfunctional and, ultimately, it will be patients who suffer," Dr. Madara wrote.

Learn more: Read about the COVID-19 pandemic's financial impact on physician practices.