

Hard work ahead to stop looming Medicare physician pay cuts

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The Centers for Medicare & Medicaid Services (CMS) has proposed cutting Medicare's physician payment rates by 3.75% next year. This would be on top of other scheduled cuts and add up to a 9.75% payment reduction for 2022.

"With physician practices still feeling the impact of the reduction of volume during much of the COVID-19 pandemic, that across-the-board 3.75% cut is going to hurt," said Todd Askew, the AMA's senior vice president of advocacy. "It's not sustainable, especially given the fact that so many other payers will peg their rates to Medicare rates—it's also not the only cut that we're likely to see."

Askew made those remarks during a recent episode of the "AMA Moving Medicine" video and podcast examining the proposed 2022 Medicare physician payment schedule.

The other cuts alluded to by Askew were outlined by AMA Executive Vice President and CEO James L. Madara, MD, in a letter to congressional leaders:

- Expiration of the current reprieve from the 2% sequester stemming from the Budget Control Act of 2011.
- Imposition of a 4% statutory pay-as-you-go sequester resulting from passage of the American Rescue Plan Act, presumably for at least another 10 years.
- 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.²

In addition, potential penalties associated with the Merit-Based Incentive Payment System will rise to 9% next year.

“We are working across the Federation of Medicine, with state medical associations and with national specialty societies to convince Congress to further delay or cancel some or all of these payment decreases that could impact physicians in the coming year,” Askew said.

Reimagine Medicare payment system

Rather than engaging in annual battles over payment cuts, Askew said it is time for Congress to reimagine the Medicare payment system and create a simpler, more understandable process that better serves patients and fairly compensates physicians.

American physicians have seen “the Medicare payment system become more and more complicated, beyond just the payment cuts that we seem always to be having to fight off,” he said. “But the layering of regulation upon regulation, of reporting requirements, of programs that are siloed, they don't make a lot of sense and you can't relate many of the quality-reporting requirements to how it actually might benefit patient care.”

Askew described how the AMA continues to call for congressional oversight hearings that would “build backwards” and remove problematic aspects of the present system such as “data collection for the sake of having the data.”

“We've asked Congress to take a look at what has been heaped upon the Medicare payment system over the last decade or so and start to think about what we would do if we could begin again,” Askew explained.

Extending telehealth coverage

A bright spot in the massive 1,700-page CMS document pertains to telehealth. CMS is proposing to continue paying through 2023 for services that were temporarily added to the Medicare list of covered telehealth services near the beginning of the COVID-19 public health emergency.

Askew noted that the AMA joined with more than 400 physician associations, health care organizations, technology groups and other stakeholders signing on to a letter urging Congress to extend the telehealth benefits and flexibilities that have been granted during the pandemic.

“Congress not only has the opportunity to bring the U.S. health care system into the 21st century, but the responsibility to ensure that the billions in taxpayer funded COVID investments made during the pandemic are not simply wasted, but used to accelerate the transformation of care delivery, ensuring access to high quality virtual care for all Americans,” the letter says.

“AMA Moving Medicine” highlights innovation and the emerging issues that impact physicians and public health today. You can catch every episode by subscribing to the AMA’s YouTube channel or the audio-only podcast version, which also features educational presentations and in-depth discussions.