More work remains to resolve Medicare payment situation

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Last-minute action taken by Congress to avert devastating cuts to Medicare that had been scheduled for Jan. 1 is a welcome development for patients and physicians alike—but only additional measures in the new year will provide the permanent reform the program requires.

Throughout the COVID-19 pandemic, physicians everywhere have risked their own health and grappled with significant financial instability. Some physician practices have closed. Other practices—impacted by halts to nonurgent procedures, declining patient visits, and months of inadequate supplies of personal protective equipment—struggled to weather the storm. Thankfully, Congress took steps last week to provide short-term support for our nation’s physicians after nearly two years of relentless challenges.

Just to review, the newly enacted legislation:

- Delays resumption of the 2% Medicare sequester for three months (Jan. 1–March 31, 2022), followed by a reduction to 1% for three months (April 1–June 30, 2022).
- Provides a one-year increase in the Medicare physician payment schedule of 3% (0.75% less than the conversion factor boost provided for 2021).
- Delays for one year delay the cuts to the clinical laboratory fee schedule, and also delays for a year the Medicare radiation oncology demonstration.
- Prevents the 4% Medicare pay-as-you-go (PAYGO) cut for 2022.

These steps averted Medicare cuts totaling nearly 10% that would have been untenable during a typical economy and normal circumstances, but beyond reckless during the public health emergency we continue to face. We cannot overlook the fact that Medicare spending on physician services fell nearly $14 billion below expected levels in 2020 as people delayed or canceled health care services due to the pandemic, as detailed in a newly issued AMA Policy Research Perspectives report (PDF).
As a result, medical practices across the nation—in rural and urban areas, in red and blue congressional districts— took a serious financial hit even as they struggled to meet patients’ needs in the face of clinical staffing issues, supply shortages, and the risk to the health and well-being of themselves and their family members in the pre-vaccine period.

Maintaining access to care

Throughout the pandemic, the AMA has worked closely with our partners to successfully mitigate Medicare physician payment cuts, including the measure President Joe Biden signed in April that protected an estimated $9.4 billion in physician practice revenue. At this point, fiscal recovery of medical practices should be the order of the day. The bipartisan agreement passed by Congress and signed by the president is a vital step to preserving the viability of physician practices and maintaining patient access to care.

Members of Congress have acted responsibly to meet the needs of a pandemic-plagued nation over the past 22 months, and this latest action to thwart Medicare payment cuts complements that agenda. But much work remains to implement the fundamental reforms needed stabilize this critically important program and prioritize continued access to care for Medicare patients.

In the face of another surge in COVID-19 infections, physicians continue to place their lives on the line by prioritizing the needs of patients. When members of Congress get back to work in January, they would do well to consider the physical, emotional and financial burdens placed on those who care for others and implement permanent Medicare payment reforms.