

May 27, 2022: Advocacy Update spotlight on Medicare physician payment reform principles

Medicare physician payment reform principles call for a rational payment system

The Medicare physician payment system needs an overhaul to remedy financial instabilities impacting physician practices due to the pandemic, statutory payment cuts, lack of inflationary updates and significant administrative burdens.

Under the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015, physicians are in the middle of a six-year payment freeze. Adjusted for inflation in practice costs, Medicare physician payment declined 20% from 2001 to 2021, and without an inflation-based update, the gap between frozen physician payment rates and rising inflation in medical practice costs will widen. The Medicare payment system is on an unsustainable path threatening patient access to physicians.

To define the goals of reform, the AMA and 120 state medical and national specialty societies endorse the *Characteristics of a Rational Medicare Physician Payment System* (PDF). Developed in collaboration with Federation organizations, the principles call on Congress to:

- Provide financial stability through a baseline positive annual update reflecting inflation in practice costs, and eliminate, replace or revise budget neutrality requirements to allow for appropriate changes in spending growth.
- Reward the value of care provided to patients and encourage innovation, so practices and systems can be redesigned and continuously refined to provide high-value care and include historically non-covered services that improve care for all or a specific subset of patients, as well as for higher risk and higher cost populations.
- Advance health equity and reduce disparities. Payment model innovations should be risk-adjusted and recognize physicians' contributions to reducing health disparities, addressing social drivers of care and tackling health inequities. Physicians need support as they care for historically marginalized, higher risk, hard to reach or sicker populations.

The AMA will continue to work with the Federation of Medicine to develop detailed solutions to the systematic problems with the Medicare physician payment system and preserve patient access to care. The AMA is currently building awareness of the problems with the current system with Members of Congress to build interest and support for needed reforms.

The AMA sent a letter (PDF) of appreciation to the Secretary of the U.S. Department of Health and Human Services, Xavier Becerra, who recently said that he is “definitely interested” in working with Congress to reform the Medicare Physician Fee Schedule. He is concerned that physicians will leave the practice of medicine and jeopardize patient access to care due to the insecurity in Medicare payments making their practice unsustainable.

The AMA strongly pushed back against recommendations from the Medicare Physician Payment Commission (MedPAC) to keep physician payments flat and will continue to advocate to strengthen the Medicare physician payment system.

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