Bill addresses 3 major health issues, but not Medicare pay reform

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What’s the news: President Joe Biden has signed into law the Inflation Reduction Act, which takes action on climate change, follows AMA policy on extending premium tax credits for Affordable Care Act (ACA) marketplace insurance plans and takes steps to slow the growth of drug prices. Unfortunately, it does nothing to address Medicare physician payment reform or to halt payment cuts set to take effect next year.

Leading the charge to reform Medicare pay is a critical component of the AMA Recovery Plan for America’s Physicians. You took care of the nation. It’s time for the nation to take care of you. It’s time to rebuild. And the AMA is ready.

The AMA has challenged Congress to work on systemic reforms and make Medicare work better for you and your patients. Our work will continue, fighting tirelessly against future cuts—and against all barriers to patient care.

Why it’s important: The bill moves forward three issues the AMA has been advocating for:

Extending ACA premium tax credits. The bill extends by three years the enhanced and expanded ACA premium tax credit, which the AMA supports. It is an advanceable and refundable credit that 13 million Americans have used to help them purchase health insurance through state and federal exchanges.

The bill also extends the enhanced subsidies for plans purchased on ACA marketplaces through 2025.

They had been set to expire at the end of this year. Ending the subsidies would mean that insurance costs would have gone up 50% for some 13 million people, according to a KFF analysis.

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Controlling rising drug costs. The bill calls for allowing Medicare to negotiate its purchasing prices, capping the growth of drug prices at the rate of inflation; and repealing a drug rebate rule issued by the Trump administration.

Those actions are largely consistent with AMA advocacy positions and policies adopted by the AMA House of Delegates (HOD). In June, for example, delegates adopted policy to support federal legislation that would give the Department of Health and Human Services secretary the authority to negotiate contracts with manufacturers of covered Part D drugs and to work to eliminate the prohibition on Medicare’s ability to negotiate prices on the medications it pays for.

There is concern, however, that there would be a negative effect on physicians who administer drugs and are reimbursed for purchase and storage costs by being able to charge the average sales price plus a 6% add-on cost. While the overall price of the medications may go down, the physician’s fixed costs for storage, handling and overhead is not expected to.

Fighting climate change. The bill calls for investing $369 billion in energy security and climate change mitigation in the next decade to lower carbon emissions 40% from 2005 levels.

This June, the AMA HOD declared “climate change a public health crisis that threatens the health and well-being of all individuals.”

Delegates also directed the AMA to protect patients by advocating for policies that:

- Limit global warming to no more than 1.5 °C.
- Reduce U.S. greenhouse-gas emissions aimed at carbon neutrality by 2050.
- Support rapid implementation and incentivization of clean energy solutions and significant investments in climate resilience through a climate justice lens.

More than half of known human pathogenic diseases can be aggravated by climate change, according to a study that was published this month in the journal *nature climate change* and co-written by AMA member Jonathan Patz, MD, MPH.

“We found that 58% (that is, 218 out of 375) of infectious diseases confronted by humanity worldwide have been at some point aggravated by climatic hazards; 16% were at times diminished,” wrote Dr. Patz and colleagues. “The human pathogenic diseases and transmission pathways aggravated by climatic hazards are too numerous for comprehensive societal adaptations, highlighting the urgent need to work at the source of the problem: Reducing GHG [greenhouse gas] emissions.”

Meanwhile, the AMA continues to urge Congress to stop the Medicare physician payment cuts scheduled for Jan. 1, and to reform the Medicare payment systems so that the same message won’t have to be repeated year after year.
Physicians are facing a portfolio of cuts totaling 4.5%. But that’s just the beginning. Coupled with 9% inflation, physicians’ Medicare payment update for 2023 is 0%. Also, a 5% bonus for practices successfully participating in an alternative payment model will no longer be available.

While payment rates for hospitals, nursing homes and the like are adjusted for inflation, rates for physicians are not, as shown in the AMA-developed chart below.
Cumulative change of Medicare updates compared to inflation

Sources: Federal Register, Medicare Trustees’ Reports and U.S. Bureau of Labor Statistics

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The overall goals of Medicare payment-system reform are: Simplicity, relevance, alignment and predictability—both for physicians and for the Centers for Medicare & Medicaid Services (CMS).

The AMA, in collaboration with 120 other physician and health care organizations, is offering specific recommendations (PDF) to Congress and CMS that will put the nation’s health care system on solid and sustainable financial ground.