Proposed 2023 physician pay schedule deepens Medicare’s instability

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Kevin B. O'Reilly
News Editor
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After a thorough analysis, the AMA has weighed in with detailed comments (PDF) on the Centers for Medicare & Medicaid Services’ (CMS) proposed policies for the 2023 Medicare physician payment schedule.

The proposed 2023 Medicare physician payment schedule (PDF) shows the agency must work with Congress to avert budget-neutrality cuts and implement an inflationary update for doctors who now are in line to see a 4.42% pay cut in January.

“The AMA is deeply alarmed about the growing financial instability of the Medicare physician payment system due to a confluence of fiscal uncertainties physician practices face related to the ongoing pandemic, statutory payment cuts, lack of inflationary updates, and significant administrative barriers,” says the AMA’s comment letter to CMS.

“The payment system is on an unsustainable path that is jeopardizing patient access to physicians. The resulting discrepancy between what it costs to run a physician practice and actual payment, combined with the administrative and financial burden of participating in Medicare, is incentivizing market consolidation,” the letter adds.

Leading the charge to reform Medicare pay is a critical component of the AMA Recovery Plan for America’s Physicians.

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.

The AMA is asking Congress to:

- Extend the congressionally enacted 3% temporary increase in the Medicare fee schedule.
- Provide relief for an additional 1.5% budget-neutrality cut that is planned for 2023.
- End the statutory annual freeze and provide an inflation-based update for the coming year.
Waive the 4% pay-as-you-go sequester necessitated by passage of legislation unrelated to Medicare.

In addition, physicians are urging CMS to work with Congress to extend the 5% incentive payment physicians can earn for participating in an Advanced Alternative Payment Model. Congress also needs to extend the $500 million in funding for the “exceptional performance” payments that physicians can earn under the Merit-based Incentive Payment System (MIPS).

Earning these bonuses in 2022 will affect payment adjustments in 2024. The CMS proposal does not include estimates for these incentives and bonuses in 2023 as they are set to expire under current law.

The lapse of these incentives, coupled with the 4.42% pay cut, threatens patient access to Medicare-participating doctors and undermines the sustainability of physician practices. The AMA is strongly advocating that Congress avert the significant conversion-factor cut. Instead, Congress should extend the 3% increase that is set by law to expire at the end of this year, prevent the additional 1.5% budget neutrality cut for 2023, and provide a positive update to account for inflation as measured by the Medicare Economic Index (MEI).

Key pay-schedule recommendations

In nearly 100 pages of detailed comments, the AMA sets out its response to CMS proposed rule. Here are some key steps the AMA is advising CMS to take as it assembles the final version of the 2023 Medicare physician payment schedule.

The agency should:

Continue its current coverage and payment policies for telephone visits and audio-visual telehealth services until the joint Current Procedural Terminology®-RVS Update Committee (RUC) Telemedicine Office Visits Workgroup determines accurate coding and valuation, as needed, for office visits performed via audiovisual and audio-only modalities.

Pause consideration of other sources of cost data for use in the MEI until the AMA’s extensive effort to collect practice-cost data from physician practices is complete.
**Apply the office E/M visit increases** to the office visits, hospital visits and discharge-day management visits included in surgical global payment, as it has done historically.

**Conduct a demonstration** to determine the financial and operational efficiencies for Medicare patients with underlying medical conditions who require integral dental services as a condition of their covered, primary Medicare Part A service.

**Separate the funding source to cover dental services** from—and have no impact on—the Medicare physician payment schedule.

**Adopt the RUC’s recommended work relative value units** and direct practice-expense inputs for vaccine administration services. The AMA supports CMS’ proposal to annually update the payment amount for administration of Part B preventive vaccines to account for changes in the cost of administering those vaccines.

**Extend $500 million MIPS bonus**

The AMA also laid out its recommendations on the future of the Medicare Quality Payment Program (QPP).

Among other steps, CMS should:

- Apply the automatic Extreme and Uncontrollable Circumstances Hardship Exception in the 2022 MIPS performance period and target technical assistance to those physician practices that have received a hardship exception due to COVID-19.
- Work with Congress to extend the $500 million exceptional performance bonus, which expires at the end of payment-year 2024 under current law.
- Reduce the performance threshold to avert penalizing an estimated one-third of MIPS-eligible clinicians and to specifically help small practices in reporting MIPS data.

Meanwhile, the AMA detailed its opposition to agency’s proposed plan to terminate the CMS Qualified Clinical Data Registry.

In addition to these comments, the AMA—in collaboration with 120 other physician and health care organizations—has outlined the essential principles (PDF) that can put the nation’s health care system on sustainable financial ground.