Nov. 11, 2022: Advocacy Update spotlight on Medicare payment

What’s happening with Medicare payment now?

The 2023 Medicare physician payment schedule final rule was released (AMA’s summary is now available), showing physician payment cuts on the horizon. Physicians and senators have recently written separate letters urging congressional action to stop the payment cuts slated for the start of next year. See the latest.

2023 Medicare physician payment schedule final rule released

The Centers for Medicare & Medicaid Services (CMS) released the 2023 Medicare Physician Payment Schedule final rule. Notably, CMS adopted the revised CPT guidelines and codes and the AMA/Specialty Society RVS Update Committee (RUC) recommended relative values for additional E/M visit code families, including hospital visits, emergency department visits, home visits and nursing facility visits. These changes allow time or medical decision-making to be used to select the E/M visit level. In total, the E/M code sets being revised for 2023 comprise approximately 20% of all allowed charges under the Medicare Physician Payment Schedule. Therefore, these changes are estimated to require a reduction of about 1.6% to the 2023 Medicare conversion factor due to statutory budget neutrality requirements.

The CY 2023 Medicare conversion factor (CF) is $33.06, a decrease of $1.55 or 4.5% from the 2022 CF of $34.61. The decrease is largely a result of an expiring 3% increase funded by Congress through 2022. The additional approximate 1.6% decrease is the result of budget neutrality requirements that stem from the revised E/M changes. The AMA and the Federation are strongly advocating (PDF) that Congress avert this payment cut, as well as implement an inflationary update for physicians, extend the 5% advanced APM incentive and prevent the steep increase to the participation requirements for APMs and waive the 4% PAYGO sequester.

In response to the Consolidated Appropriations Act, which extends payment for telehealth services to all communities in the country, not just rural areas, and allows patients to receive telehealth services in
their home for 151 days, or five months, after the COVID-19 public health emergency (PHE) ends, CMS finalized its proposal to extend telehealth coverage for the codes that were only going to be on the telehealth list through the end of the PHE for an additional five months.

The AMA has prepared a more detailed summary (PDF) and impact table (PDF) showing the estimated combined specialty impact of the final rule and expiration of the temporary 3% increase to the CF.

Physicians call for Medicare physician payment reform

On Oct. 31, the AMA submitted a response to a Request for Information on the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) and associated payment mechanisms. Members of Congress solicited feedback on MACRA as they are working to find solutions to stabilize physician payment under the Medicare program while also promoting value-based approaches to health care.

The AMA developed its response in close coordination with physician stakeholders and highlighted its Characteristics of a Rational Medicare Physician Payment System (PDF), which has been endorsed by over 120 state medical and national specialty societies.

In its comments, the AMA relayed its deep concern about the unsustainability of the current Medicare physician payment system, as well as short-term and long-term recommendations to achieve a rational payment system. Most importantly, Congress must establish a stable, annual Medicare physician payment update that keeps pace with inflation and practice costs and allows for innovation to ensure Medicare patients continue to have access to physician practice-based care.

Congress must also reform budget neutrality by reconciling previous over-estimates of utilization that have removed billions of dollars from the payment pool, increasing the $20 million trigger set in 1989, and exempting services that are expected to increase due to changes in law or regulation, such as newly covered Medicare services. The AMA recommended passing H.R. 4587, the Value in Health Care Act, to increase physician participation in value-based payment models and several statutory amendments to MACRA to allow a more flexible approach in MIPS to incentivize quality improvement and reducing unnecessary costs, as opposed to checking the box.

In the near term, physicians face a draconian payment cut of 8.5% beginning Jan. 1, unless Congress acts. The AMA strongly urged Congress to:

- Provide relief from the scheduled -4.42% budget neutrality cut in Medicare physician fee schedule payments


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End the MACRA mandated annual freeze to the Conversion Factor and provide a Medicare Economic Index (MEI) update for the coming year
Extend the 5% APM participation incentive payments for six years, as well as halt the revenue threshold increase, which will have a chilling effect on participation, to encourage more physicians to transition from fee-for-service into APMs
Waive the 4% Medicare cuts associated with the Statutory PAYGO sequester triggered by passage of the American Rescue Plan Act.

The AMA will continue to work with Congress in the months ahead to permanently reform the Medicare physician payment system.

Senators also call for Medicare physician payment reform

Echoing much of what physicians are saying (see previous story), on Nov. 2, 46 senators cosigned a bipartisan letter (PDF) spearheaded by Senators Stabenow (D-MI) and Barrasso (R-WY) to Senate leadership urging them to address the nearly 4.5% in Medicare payment cuts scheduled to take effect on Jan. 1, 2023. The letter also expressed serious concerns with the stability of Medicare payments for physicians and support for bipartisan long-term Medicare payment reform. In their letter, the senators agreed that “failure to act in the coming weeks could result in reduced staffing levels and office closures, jeopardizing patient access to care.”

The letter comes on the heels of the release of the 2023 Medicare physician payment schedule, which has put “Congress on notice that a nearly 4.5% across-the-board reduction in payment rates is an ominous reality unless lawmakers act before Jan. 1,” according to AMA President Jack Resneck Jr., MD. Although the senators’ letter does not address all of the immediate concerns that physicians nationwide have regarding Medicare physician payment, the AMA welcomed the letter as a sign that pressure is building in the Senate to take the actions needed to protect older adults’ access to physician care.

The AMA is also strongly supporting H.R. 8800, the “Supporting Medicare Providers Act of 2022,” bipartisan legislation aiming to stop the scheduled cuts to the Medicare physician pay rate, introduced by Reps. Bera, MD (D-CA) and Bucshon, MD (R-IN).

Take action now

The AMA recently held an Advocacy Insights webinar discussing the AMA’s grassroots calls to action on these issues and what you can do. Contact your members of Congress now and tell them to stop the cuts.
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