Doctors to Congress: Stop Medicare pay cut and fix prior auth

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Unless Congress acts soon, Medicare payment for physicians will be chopped by 8.5% and a golden opportunity to reform prior authorization—a major administrative burden for physician practices—may slip away. The AMA is urging physicians to contact their legislators and let them know this is unfair, unacceptable and unsustainable.

Physicians can amplify their voices with the AMA Physicians Grassroot Network, where they can find resources to draft messages to send to their legislators demanding that they stop Medicare payment cuts and institute prior-authorization reform.

“I can’t think of a worse time for Medicare to threaten you with an 8.5% payment cut,” said AMA President Jack Resneck Jr., MD, during an AMA webinar, “What Congress needs to do now: A grassroots update.”

Leading the charge to reform Medicare pay and fixing prior authorization are critical components 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. We also are tackling prior authorization with research, practice resources and reform resources.

Dr. Resneck noted that hospitals, nursing facilities and others delivering health care receive annual payment updates tied to inflation, but for two decades, physicians have not (PDF).
“This actually means Medicare physician payments dropped by 22% when adjusted for inflation between 2001 and 2021, according to an AMA analysis of Medicare trustees’ data,” Dr. Resneck said. “Twenty-two percent, apart from being tremendously unfair, it’s also unsustainable—threatening patient access to care.”

Opportunity to fix prior auth

As the vice chair of the University of California, San Francisco, School of Medicine’s dermatology department, Dr. Resneck noted his growing frustration with the escalating burdens of prior authorization, which delay his patients’ access to generic treatments that have been in use since the 1960s.

“If my staff hears me get really, really frustrated, it is almost always when I’m on the phone with a so-called peer, arguing about some ridiculous denial or a suggestion that I give a patient an alternative that, frankly, would be malpractice,” Dr. Resneck said.

Dr. Resneck cited the findings of an AMA physician survey (PDF) showing that health insurance companies are not following through with agreed upon prior-authorization reforms and—because of that failure—are perpetuating delays in diagnosis and treatment that lead to patient harm and abandonment of treatment.

Prior authorization is a health plan utilization-management or cost-control process that requires physicians to get approval before a prescribed treatment, test or medical service qualifies for payment.

“Our data shows that the average physician across all specialties now does 41 prior auths per week,” Dr. Resneck said. “This burden has really spiraled out of control and enough is enough.”

Action needed on bipartisan bills

There is bipartisan legislation before Congress that offers relief on both of these issues. In addition to the immediate, short-term priority of stopping the Medicare payment cuts, the AMA is advancing a vision of Medicare payment reform based on principles agreed upon by more than 120 state medical associations and national specialty societies.

“Right now, we must stop the 2023 physician payment cuts,” Dr. Resneck said.

“But in the longer term, this madness has to stop,” he added. “So we’re laying the groundwork and building support for permanent Medicare reform. Physicians deserve financial stability that includes
automatic inflation-based annual updates that account for rising practice costs."

Included in the pay cuts physicians are facing is a reduction of about 4.5% in the Medicare conversion factor, from $34.6062 to $33.0775. The AMA strongly supports a bill that would stop this reduction, H.R. 8800, the “Supporting Medicare Providers Act of 2022.”

The bipartisan legislation aims to stop the scheduled 4.42% cuts to the Medicare physician pay rate and was introduced by Reps. Ami Bera, MD, a Democrat from California, and Larry Bucshon, MD, an Indiana Republican.

Jason Marino, the AMA's director of congressional affairs, said the bill has 72 co-sponsors and he urged physicians to contact their legislators and request that they sign on to the bill.

Marino recommended that physicians tell legislators their personal story about how these Medicare pay cuts would affect their practice and their patients.

“The stakes are high,” he said.

**Senate must act on reforms**

Momentum to fix prior authorization was building on Capitol Hill. This was made clear when a bipartisan bill to reform prior authorization for Medicare Advantage plans, H.R. 3173, the “Improving Seniors' Access to Care Act” (PDF), passed via voice vote.

A companion bill has been introduced in the Senate, which Marino said has 51 co-sponsors and the AMA is working to build that total to 60 or higher.

Unfortunately, the Congressional Budget Office (CBO) released a report estimating that the bill is likely to result in spending growth of about $16 billion over 10 years because physicians will have more time to spend with patients after reforms are enacted.

“It's just totally maddening,” Dr. Resneck said of the CBO estimate. “Patients who are not getting care because of prior auth will actually get the care they need and that's a negative—totally frustrating.”