Congress must stop the 4.5% Medicare pay cut—the whole 4.5% cut

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Kevin B. O'Reilly
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More than 150 organizations representing over 1 million physicians and other health care clinicians are strongly urging Congress to take action to prevent the entirety of the 4.5% cut in Medicare physician pay rates that is set to take effect Jan. 1, 2023.

“This desperately needed relief will help provide crucial short-term financial stability for practices until permanent, bipartisan payment reforms are enacted,” says a letter (PDF) organized the AMA, and signed by all 50 state medical associations, and sent to House leaders Nancy Pelosi and Kevin McCarthy, and Senate leaders Chuck Schumer and Mitch McConnell. A separate letter (PDF), also organized by the AMA, was signed by more than 100 national specialty societies and others such as the Ambulatory Surgery Center Association and The US Oncology Network.

The hope is that congressional leaders will take action on a bipartisan basis during the “lame duck” session to ensure that all of the 4.5% cut is averted as part of an end-of-the-year legislative spending package. The 4.5% cut stems from the combination of the expiring 3% increase to the MPFS conversion factor that Congress enacted via the Protecting Medicare and American Farmers from Sequester Cuts Act, and a new 1.5% budget-neutrality reduction related to payment changes for evaluation-and-management (E/M) services in the nonoffice setting.

“The impending 4.5% Medicare Physician Fee Schedule (MPFS) payment cut comes as medical practices throughout the country are experiencing pressures stemming from rising rates of inflation,” says the letter from the AMA and the state medical associations. “All health care stakeholders struggle to endure steep, annual payment reductions; however, the negative impact of such policy decisions is exacerbated by the fact that physicians are the only providers whose Medicare payments do not automatically receive an annual inflationary update.

“This statutory flaw that characterizes the MPFS consistently leads to financial uncertainty and budgetary challenges for all physicians,” the letter adds. “The stark reality is that, adjusted for inflation
in practice costs, Medicare physician pay has declined 22% from 2001 to 2021 (JPG). Allowing cuts to Medicare payments is simply unacceptable during this time of record inflation and coming on the heels of a highly disruptive pandemic.”

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.

Physician advocates: Time is running out for Congress to take action to protect physician practices and preserve patient access to care. Tell Congress to cancel Medicare cuts before the end of the year.

**Incalculable cost of inaction**

“Things are different this year,” AMA President Jack Resneck Jr., MD, told MedPage Today recently. To forge ahead with Medicare physician pay cuts “three years into a pandemic ... and with burnout rates soaring from about 38% in 2020 to 63% in 2021,” he noted, is “unconscionable.”

"It's just really dangerous and incredibly difficult,” Dr. Resneck added, as doctors are “faced with difficult choices about selling their practices.”

His points echoed those made in the physician organizations’ letter to congressional leaders.

“Burnout, stress, workload and the cumulative impact of COVID-19 are leading one in five physicians to consider leaving their current practice within two years,” says the letter from the AMA and state medical associations. “Payment cuts will only accelerate this unsustainable trend and undoubtedly lead to Medicare patients struggling to access health care services. As a result, we cannot overstate the importance of Congress stopping the looming 4.5% reduction, in full.

“Put simply, the cost of congressional inaction is an across-the-board cut that will further amplify the financial hardship physician practices are already facing while inhibiting Medicare from delivering on its promises to seniors and future generations.”

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.


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