Put a stop to “Groundhog Day” games on Medicare physician pay

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Fighting to avert deep Medicare payment cuts feels a bit like the comedy classic “Groundhog Day,” with the same series of events unfolding again and again. For many physicians, a sustainable payment system seems like an ongoing, unfulfilled wish.

Medicare physician pay has eroded by 20% over the last two decades relative to inflation. “Other providers don't have that impact over time because those inflationary updates are built in,” according to Todd Askew, the AMA’s senior vice president of advocacy.

Short term, Medicare physicians face an 8.5% cut to their payments in 2023. The AMA has also been leaning on lawmakers to reform the burdensome prior-authorization system, a key goal of AMA’s Recovery Plan for America’s Physicians.

In light of these challenges, Askew sees some hope on the horizon. Over the past year, state medical associations and national medical specialties have been working with AMA to build consensus around a set of principles (PDF) on what a new payment system should look like, said Askew.

More than 120 organizations have endorsed these principles. “We’ve been taking that to Capitol Hill. We've been taking it to the administration and having those conversations,” he added.

Askew provided more details about getting Medicare on a sustainable path for physicians and patients during an episode of “AMA Update.”

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.

Multiple factors affecting payments

Askew drilled down the main components leading to that 8.5% reduction in Medicare payments.

The 2023 Medicare physician payment schedule will cut payments by 4.5%. Various budget-neutrality impacts are contributing to cuts: the expiration of a 3% pay bump and the implementation of new evaluation-and-management (E/M) values that necessitated a budget-neutrality adjustment of 1.5%.

“One of the main things that we need to take care of is looking at the rules around budget neutrality … making sure that when we miss a projection—when the government misses an estimate of how much will be spent or how much spending will increase on a particular service—that we can go back and fix that,” Askew said. “Otherwise, the money we are supposedly offsetting just disappears from the pool.”

Pay-as-you-go—a broad reduction in government spending to Medicare and other categories to compensate for previous overspending—is another significant factor leading to cuts in payment.

Visit AMA Advocacy in Action to find out what’s at stake in reforming Medicare payment and other advocacy priorities the AMA is actively working on.

Push for bipartisan support

No policymaker believes that these types of cuts are sustainable, noted Askew.

Strong bipartisan support exists in the House and the Senate to avert these payment reductions, with physician lawmakers playing an active role in advancing legislation. On the House side, the “Supporting Medicare Providers Act of 2022” sponsored by California Democrat Rep. Ami Bera, MD, and Rep. Larry Bucshon, MD, a Republican from Indiana, would stop the 2023 Medicare physician pay schedule cuts.

Askew expects a similar bipartisan bill in the Senate very soon.

Find out why U.S. senators are sounding the alarm on the need to stop Medicare physician pay cuts.
Make your voice heard

Askew urged physicians to reach out to their elected members of Congress to support AMA’s work in averting Medicare payment cuts.

Pick up the phone, email, make sure your voice is heard, said Askew. Washington lawmakers need to understand the magnitude of these cuts and the impact on practices and patients. Let them know the cuts scheduled for Jan. 1 must be halted.

Physicians should also explore Physicians Grassroots Network, which includes links and resources for contacting their respective congressional representatives.

“AMA Update” covers health care topics affecting the lives of physicians and patients. Hear from physicians and experts on public health, advocacy issues, scope of practice and more—because who’s doing the talking matters. You can catch every episode by subscribing to the AMA’s YouTube channel or the audio-only podcast version, which also features educational presentations and in-depth discussions.