



Congress must prioritize Medicare physician payment reforms in 2023

The American Medical Association is deeply concerned about the growing instability of the Medicare physician payment system due to statutory payment cuts, lack of inflationary updates and administrative burdens. The physician payment system is on an unsustainable path that threatens patient access to physician services.

Last year, physicians faced yet another round of real dollar Medicare pay cuts triggered by the flawed Medicare budget neutrality rules and congressional PAYGO rules. Congress acted at the last minute to avert portions of the 8.5% cut—but didn't stop the cuts completely. Physicians will be cut -2% in 2023 with additional cuts in 2024. These cuts come on the heels of two decades of stagnant payment rates. Adjusted for inflation in practice costs, the value of **Medicare physician pay fell 22%** from 2001–2021 because physicians, unlike other Medicare providers, do not get an automatic yearly inflation-based payment update.

Piling on these latest cuts in the midst of high inflation, workforce shortages, and soaring physician burnout will have negative consequences as older Americans struggle to find access to the primary care physicians and specialists they need. The cuts will disproportionately affect small, independent, and rural physician practices, as well as those treating low-income or other historically minoritized or marginalized patient communities.

This pattern of last-minute stop gap measures must end. Last year, the AMA responded to a bipartisan **Congressional Request for Information (RFI)** on strategies that federal lawmakers should consider to stabilize Medicare physician payment, reduce regulatory burden, and improve the Medicare Merit-based Incentive Payment System (MIPS) and Alternative Payment Model (APM) programs. The AMA stands ready to work with Congress on solutions to fix this discrete set of problems within the Medicare physician payment system.

Action request

Medicare physicians and patients should not have to face the uncertainty of annual cliffhangers or constant threats of additional cuts. Ask your Members of Congress to:

- Support legislation to provide an annual Medicare physician payment update equal to the full Medicare economic index (MEI), the index used by the Centers for Medicare & Medicaid Services to measure physician practice-cost inflation.
- Urge Congress to hold hearings early this year focused on fixing problems with the Medicare physician payment system—including reforming the budget neutrality rules, providing an annual update that reflects practice cost inflation, reducing administrative burdens, and improving the MIPS and APM programs.