REPORT OF THE BOARD OF TRUSTEES

B of T Report 12-A-24

Subject: AMA Efforts on Medicare Payment Reform

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BACKGROUND

At the 2023 American Medical Association (AMA) Annual Meeting of the House of Delegates (HOD), the HOD adopted Policy – D-385.945, “Advocacy and Action for a Sustainable Medical Care System” and amended Policy D-390.922, “Physician Payment Reform and Equity.” Together, they declare Medicare physician payment reform as an urgent advocacy and legislative priority, call on the AMA to implement a comprehensive advocacy campaign, and for the Board of Trustees (the Board) to report back to the HOD at each Annual and Interim meeting highlighting the progress of our AMA in achieving Medicare payment reform until predictable, sustainable, fair physician payment is achieved. The Board has prepared the following report to provide an update on AMA activities for the year to date. (Note: This report was prepared in mid-March based on approval deadlines, so more recent developments may not be reflected in it.)

AMA ACTIVITIES ON MEDICARE PHYSICIAN PAYMENT REFORM

The AMA’s Medicare physician payment reform efforts were initiated early in 2022, following the development of a set of principles outlining the “Characteristics of a Rational Medicare Payment System” that was endorsed by 124 state medical associations and national medical specialty societies. These principles identified strategies and goals to: (1) ensure financial stability and predictability for physician practices; (2) promote value-based care; and (3) safeguard access to high quality care.

Subsequently, the AMA worked with Federation organizations to identify four general strategies to reform the Medicare payment system, including:

• Automatic annual payment updates based on the Medicare Economic Index (MEI);
• Updated policies governing when and how budget neutrality adjustments are made;
• Simplified and clinically relevant policies under the Merit-based Incentive Payment System (MIPS); and
• Greater opportunities for physician practices wanting to transition to advanced alternative payment models (APMs).

At the heart of the AMA’s unwavering commitment to reforming the Medicare physician payment system lie four central pillars that underscore our strategic approach: legislative advocacy, regulatory advocacy, federation engagement, and grassroots, media, and outreach initiatives. Grounded in principles endorsed by a unified medical community, our legislative efforts drive the advancement of policies that foster payment stability and promote value-based care. We actively champion reform through regulatory channels, tirelessly engaging with crucial agencies such as the Centers for Medicare & Medicaid Services (CMS) and the White House to address impending challenges and ensure fair payment policies. Our federation engagement fosters unity and consensus.
within the broader medical community, pooling resources and strategies to amplify our collective voice. Lastly, our continued grassroots, media, and outreach efforts bridge the gap between policymakers and the public, ensuring our mission is well-understood and supported from all quarters. Together, these pillars fortify our endeavors to achieve a more rational Medicare physician payment system that truly benefits all.

Legislative Advocacy

As a result of the continued advocacy efforts of the AMA and larger physician community and direct engagement with Congress, a collection of influential Dear Colleague letters and commonsense legislative reforms have been introduced that build upon “Characteristics of a Rational Medicare Physician Payment System” including:

H.R. 2474, the Strengthening Medicare for Patients and Providers Act, introduced on April 14, 2023 by Reps. Raul Ruiz, MD (D-Calif.), Larry Bucshon, MD (R-Ind.), Ami Bera, MD (D-Calif.) and Mariannette Miller-Meeks, MD (R-Iowa), would automatically update the Medicare physician payment schedule each year by Medicare’s annual estimate of practice cost inflation, the MEI. H.R. 2474 currently has 126 bipartisan cosponsors.

On July 28, 2023, a bipartisan group of 101 U.S. House of Representatives members sent a letter to House leadership on the need to prioritize Medicare physician payment reform, following extensive grassroots support from the AMA and members of the Federation.

H.R. 6371, the Provider Reimbursement Stability Act, introduced on November 13, 2023 by Rep. Greg Murphy, MD (R-N.C.) and 14 original cosponsors, would reform the Medicare Physician Fee Schedule (MPFS) budget neutrality policies by: (1) requiring CMS to reconcile inaccurate utilization projections based on actual claims and prospectively revise the conversion factor (CF) accordingly; (2) raise the threshold that triggers a budget neutrality adjustment from $20 million to $53 million and increase it every five years by the cumulative increase in the MEI; (3) require the direct inputs for practice expense relative value unit (i.e., clinical wages, prices of medical supplies and prices of equipment) to be reviewed concurrently and no less often than every five years; and (4) require CMS to limit positive or negative budget neutrality adjustments to the CF to 2.5 percent each year. In November of 2023, the House Committee on Energy and Commerce advanced select provisions of H.R. 6371 to reform fee schedule budget neutrality policies.

H.R. 5013/S. 3503, the Value in Health Care (VALUE) Act, introduced on July 28, 2023 by Reps. Darin LaHood (R-III.) and Suzan DelBene (D-Wash.) in the House and Senators Whitehouse (D-R.I.) and Barrasso (R-Wyo.) in the Senate on December 13, 2023, would extend the 5 percent APM bonus and maintain the 50 percent revenue threshold required for the bonuses. In November of 2023, the Senate Committee on Finance and the House Committee on Energy and Commerce advanced legislation to offset a portion (1.25 percent) of the 2024 CF cuts as well as to partially extend the APM bonus and maintain the current revenue threshold required for the bonuses. During these markups, members of both committees discussed the need for Medicare payment reform at length and secured pledges from the chairs to address the issue in earnest in 2024.

H.R. 6683, the Preserving Seniors’ Access to Physicians Act, introduced on December 8, 2023 by Reps. Greg Murphy, MD (R-N.C.), Danny Davis (D-Ill.), Brad Wenstrup (R-Ohio), Michael Burgess, MD (R-Texas), Jimmy Panetta (D-Calif.) and Larry Bucshon, MD (R-Ind.), would provide
full, short-term relief from the 3.37 percent cut imposed in 2024 due to the budget neutrality policies
medicine is seeking to reform.

Nearly 200 bipartisan members of Congress cosigned a Dec. 13 letter led by Representatives
Mariannette Miller-Meeks, MD (R-IA), Ami Bera, MD (D-CA), Larry Bucshon, MD (R-IN) and
Kim Schrier, MD (D-WA) urging House and Senate leadership to expeditiously pass legislation to
address looming 2024 Medicare payment cuts. Absent congressional intervention, Medicare
physician payments will be reduced by 3.37 percent on Jan. 1, 2024, due to budget neutrality
requirements within the Calendar Year 2024 MPFS Final Rule.

On Feb. 9, Senators Cortez Masto (D-NV), Blackburn (R-TN), Thune (R-SD), Barrasso (R-WY),
Stabenow (D-MI) and Warner (D-VA) announced the formation of a bipartisan Medicare payment
reform working group. The primary goal of this working group is to explore the current problems
with the MPFS, propose long-term solutions and make the necessary updates to the Medicare
Access and Chip Reauthorization Act (MACRA), which sets physician payment policies in the
Medicare program. The AMA will serve as a resource to the Senate working group.

On February 23, 2024, Senators John Boozman (R-AR) and Peter Welch (D-VT) along with 30
Senators colleagues sent a Dear Colleague letter calling on Senate leadership to advance a
legislative solution to create stability in the Medicare program by addressing the 2024 cut to
Medicare payments and ensure that physicians and clinicians have the necessary financial support to
care for the nation’s seniors.

The Consolidated Appropriations Act, 2024, H.R. 4366, which passed the House of Representatives
and the Senate and was signed into law by President Biden on March 8, included provisions
reducing by about half —1.68 percent —of the 3.37 percent across-the-board Medicare physician
pay cut that took effect on January 1. The new pay rate took effect on March 9.

The legislation also included an extension of incentive payments for participation in eligible
alternative payment models at a reduced rate of 1.88 percent and maintained the threshold
requirements to qualify for such payments.

The AMA issued a statement expressing extreme disappointment that about half of the 2024
Medicare physician payment cuts required by the Medicare Fee Schedule will be allowed to
continue. The AMA conveyed that failure to reverse these cuts will impact access to high quality
care and physicians will find it more difficult to accept new Medicare patients.

The AMA will continue to work with Congress and the administration to build bipartisan support in
Congress for a proposal that will put an end to the annual cycle of Medicare cuts that threaten
seniors’ access to care. Bipartisan support for the aforementioned legislative proposals continues to
grow among rank-and-file Members of Congress. However, the need for further advocacy remains
to push the relevant Committees and Congressional leadership to make Medicare physician payment
reform a top priority.

The AMA is also in the process of finalizing legislative language that would: (1) simplify MIPS
reporting and improve its clinical relevance; (2) reduce the potential severity of penalties (currently
as much as -nine percent) for those scoring poorly under MIPS; (3) provide support to smaller
practices that tend to score lower under the program; and (4) provide timely and meaningful
performance feedback to physicians and expand the use of clinical data registries.
In addition to regular interactions with members of Congress and their staff by Advocacy staff, the AMA has sent a number of letters and statements to Capitol Hill, including the following:

- 1/2/23 - signed on a physician/allied health professions letter to Congressional committees requesting MACRA oversight hearings;
- 2/13/23 - signed on a coalition letter to committees on value-based care;
- 3/15/23 - a sign on letter developed by the AMA was sent to Congress regarding the Medicare Payment Advisory Committee (MedPAC) recommendation for an inflation-based update;
- 3/20/23 - an AMA statement was filed for the Senate Health, Education, Labor and Pensions Committee’s health care workforce hearing, highlighting the impact of declining Medicare payments on the physician workforce;
- 4/19/23 - a sign on letter developed by the AMA was sent to the House expressing support for H.R. 2474;
- 5/3/23 - signed on a physician/allied health professions letter to Congress in support of H.R. 2474;
- 6/21/23 - the AMA submitted a letter for the record for a hearing by the House Energy & Commerce Oversight & Investigations Subcommittee on MACRA;
- 10/5/23 - the AMA responded to the Ways & Means Committee’s Request for Information on ways to improve health care in rural and underserved areas;
- 10/19/23 - the AMA submitted a statement for the Record to the U.S. House of Representatives Committee on Energy and Commerce Subcommittee on Health as part of the hearing entitled “What’s the Prognosis? Examining Medicare Proposals to Improve Patient Access to Care & Minimize Red Tape for Doctors.”
- 12/11/23 - the AMA wrote in strong support of H.R. 6683, the “Preserving Seniors’ Access to Physicians Act,” bipartisan legislation that blocks another round of damaging Medicare payment cuts;
- 1/17/24 - the AMA organized national medical organizations and state medical societies to write a letter strongly urging Congress to quickly pass legislation to reverse the 3.37 percent Medicare physician payment cuts that took effect on January 1, 2024.

**Regulatory Advocacy**

In anticipation of a new round of budget neutrality adjustments expected in 2024 due to implementation of the G2211 code for complex office visits, the AMA had a multitude of meetings with officials at CMS, the Department of Health and Human Services (HHS), and the White House to discuss options for reducing the severity of the adjustment—and to argue whether any adjustment is needed at all.

The proposed rule on the 2024 Medicare physician fee schedule that was released on July 13 revised the utilization estimate for G2211 that they used to calculate the budget neutrality adjustment from the 90 percent previously announced in 2021 to 38 percent, significantly reducing the impact on payments.

The AMA also secured another hardship exemption that physicians can claim under MIPS to avoid up to -nine percent in performance penalties in 2025.

On November 2, 2023, the CMS released the 2024 Medicare Physician Payment Schedule final rule reducing the 2024 Medicare CF by 3.37 percent. These cuts result from a -1.25 percent reduction in the temporary update to the CF under current law and a negative budget neutrality adjustment stemming in large part from the adoption of the new G2211 office visit add-on code. Unfortunately,
these cuts coincide with ongoing growth in the cost to practice medicine as CMS projects a 4.6 percent Medicare Economic Index (MEI) increase for 2024.

Despite comments from the AMA and others that the G2211 add-on code is ambiguous and there is uncertainty about when to report it, CMS did not further reduce the utilization estimate or the associated budget neutrality impact. Specifically, CMS maintained its estimate from the proposed rule that the add-on code will be reported with 38 percent of office visits in 2024.

Notably, in response to organized medicine’s advocacy, CMS maintained the performance threshold to avoid a penalty in the Merit-based Incentive Payment System (MIPS) at 75 points in 2024. As a result, 78 percent of eligible clinicians are expected to avoid a MIPS penalty in 2026, a significant improvement from CMS’ earlier projection that just over half of eligible clinicians would avoid a penalty in the proposed rule.

Federation Engagement

A Medicare Reform Workgroup comprised of staff from national medical specialty societies and state medical associations was organized in 2022 and has continued to meet to develop consensus on medicine’s reform proposals and advocacy strategies. The AMA also participates in a second coalition, organized by the American College of Radiology, which involves non-physician clinicians who bill under the Medicare fee schedule to expand our reach and minimize potential for divergent proposals and strategies.

Periodic telephone conference calls are held with staff for Federation organizations to keep them apprised of developments in Washington and to elicit their support for grassroots efforts.

Grassroots, Media, and Outreach

The AMA has maintained a continuous drumbeat of grassroots contacts through its Physicians Grassroots Network, Patients Advocacy Network, and its Very Influential Physicians program. Op-eds have been placed in various publications from AMA leaders, as well as from “grasstops” contacts in local newspapers. Digital advertisements are running, targeted specifically to publications read on Capitol Hill, and media releases have been issued to highlight significant developments.

The AMA relaunched a dedicated Medicare payment reform web site, www.FixMedicareNow.org, which includes a range of AMA-developed advocacy resource material, updated payment graphics and a new “Medicare basics” series of papers describing in plain language specific challenges presented by current Medicare payment policies and recommendations for reform.

2023 Fix Medicare Now Campaign Top Line Results

- 425,900+ FixMedicareNow.org Page views
- 173,60000+ FixMedicareNow.org Site Visitors
- 40,679,400+ Impressions
- 498,000+ Engagements
- 1,200+ #FixMedicareNow Social Media Mentions
- 450+ FixMedicareNow.org Advocacy Hub User Submissions
- 288,000+ Contacts to Congress
Message testing of arguments made in support and opposition to Medicare payment reform was completed in late 2023. Focus groups of U.S. voters were conducted in June, and a national poll was launched in late July. The results of this message testing have been utilized to refine language used in earned and paid media, as well as patient grassroots outreach.

CONCLUSION

As we forge ahead in continued partnership with the Federation to advance organized medicine’s collective goals in our strategic mission to reshape the Medicare physician payment system, the AMA remains unwavering in its commitment to successfully pursuing the four pillars discussed in this report. Our steadfast dedication ensures that our members’ voices are heard, and that we advocate for a system that is fair, sustainable, and reflective of the value physicians bring to patient care.

Facing a nearly 10 percent reduction in Medicare payments over the past four years, physicians are at a breaking point and are struggling to maintain access to care for the Medicare beneficiaries they treat. Rising practice costs, workforce shortages, and financial uncertainty coupled with the continued lack of positive Medicare payment updates is threatening the viability of physician practices. This is unsustainable and unacceptable.

While there has been some progress so far in 2024, significant advocacy work remains in the year ahead and beyond to achieve our vision of Medicare physician payment reform.

Please follow Advocacy Update, join the Physicians Grassroots Network, visit www.FixMedicareNow often for updated material and alerts, and follow other AMA communications vehicles to stay up to date and engaged on this topic.