

## Advocating for Physicians: Addressing Payment Inequities

The journey to becoming a physician requires tremendous financial sacrifice. Across the nation, thousands of medical students each year decide that this sacrifice is worth it in order to serve the healthcare needs of their communities as physicians. However, upon completion of medical school and entering the field of healthcare as a physician, it becomes evident that there are significant issues with the physician payment system that impact both physicians in training as well as practicing clinicians. While the financial burdens that physicians face are complex and highly nuanced, there are simple solutions that Congress can enact to improve the physician workforce and, subsequently, patients' access to care.

### *Student Loan Deferment for Physicians in Training*

New physicians graduate medical school with, on average, [over \\$250,000 in educational debt](#). However, physicians are not done with training once they graduate from medical school. They must continue more specialized, rigorous training in graduate medical education, or residency, which can last anywhere from three to seven years. The average salary for medical residents in the U.S. is [around \\$60,000 a year](#), where residents work anywhere from [60 to 80 hours per week on average](#). These facts alone result in enormous financial strain for physicians in training. However, as it currently stands, medical residents are also expected to start making payments on their student loans during their first year of residency. This colossal financial burden placed on physicians in training is unfair and significantly contributes to [physician burnout](#).

The Resident Education Deferred Interest (REDI) Act, [H.R. 1202/S. 704](#), can help address this important issue. This bill allows medical residents, or physicians in training, to defer student loan payments until the completion of their training programs without accruing additional interest. Of note, this bill does not offer loan forgiveness or reduce a borrower's original loan balance. Enacting this bill into law would be beneficial in addressing physician burnout while also helping to address workforce and physician shortage issues. With less financial strain coming out of residency training, physicians are better equipped to establish practices in rural and underserved areas, thereby increasing access to care for patients.

**Help make strides towards addressing the student debt crisis and provide financial relief for physicians in training by urging your Member of Congress to cosponsor H.R. 1202/S. 704.**

### *Reform Medicare Physician Payments to Include Inflation*

Medicare physician payments have been an unstable system for over a decade and continues to pose serious issues to clinicians and physician practices, thereby threatening patient access to care. According to an [AMA analysis of Medicare Trustees data](#), when adjusted for inflation related to practice costs, Medicare physician payment has declined by 26% from 2001 to 2023. The Medicare physician payment system lacks adequate annual inflationary payment update, which is unique compared to other Medicare provider payments. Additionally, physicians are expected to receive another 3.36% cut in the next year, per the [Calendar Year 2024 Medicare Physician Fee Schedule](#) proposed rule. The discrepancy between what it costs to run a physician practice and the actual payment that physicians receive, combined with the administrative and financial burden of participating in Medicare, make it challenging for physicians to keep their doors open to provide necessary care to patients. Earlier this year, both the Medicare Trustees and MedPAC called for action to provide physicians with an annual inflation-based update tied to the [Medicare Economic Index](#) (MEI), which is maintained by the Department of Health

and Human Services to measure the growth in physician practice costs, to protect patient access to Medicare-participating physicians.

The Strengthening Medicare for Patients and Providers Act, [H.R. 2474](#), would provide physicians with a permanent annual inflation-based Medicare payment adjustment equal to the annual percentage increase according to the MEI. Importantly, this legislation would align physicians with the inflation updates received by other Medicare providers. Ultimately, this would ensure that Medicare physician payment keeps pace with practice costs, allow physicians to better endure unforeseen swings in the Medicare Physician Fee Schedule, and permit America’s seniors to retain access to high-quality health care.

**Urge your Representative to support a Medicare Economic Index (MEI) update for physicians by cosponsoring H.R. 2474, the Strengthening Medicare for Patients and Providers Act. If your Representative has already cosponsored H.R. 2474, thank them for doing so and ask for their continued assistance in urging leadership to advance this legislation before the end of the year. Urge your Senators to either introduce a companion bill or push leadership to advance similar legislation in the Senate.**

## Medicare payment updates were received by all providers in 2023 EXCEPT physicians.

### Medicare provider updates for 2023

Note: Rate increases for Medicare Advantage plans are estimated to have an "effective growth rate" of 4.88%, with an "expected average change in revenue" of 8.5%.

Hospital inpatient, LTC hospitals, SNFs, hospice, hospital outpatient and ASC inflation rates reflect market basket less a productivity adjustment.

Physician fee schedule inflation rate is the Medicare Economic Index, which has a productivity adjustment.

Potential adjustments for quality performance omitted for all provider types.

Provider Type	2023 Inflation rate	2023 Update
Hospital inpatient	3.8%	4.3%
LTC hospitals	3.8%	2.4%
Skilled nursing facility	3.6%	2.7%
Hospital outpatient	3.8%	3.8%
Hospice	3.8%	3.8%
ASCs	3.8%	3.8%
Physicians	3.8%	-2.0%

Without passage of the Consolidated Appropriations Act of 2023 (PL 117-528) the update for 2023 would have been -4.5%

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## Medicare physician payment is NOT keeping up with inflation.

### Medicare updates compared to inflation (2001–2023)

Adjusted for inflation in practice costs, Medicare physician pay declined 26% from 2001 to 2023.

Provider Type	Cumulative Change Since 2001
Inpatient hospital	~70%
Skilled nursing facility	~60%
Outpatient hospital	~50%
Corrections/prison	~40%
Practice cost inflation (MEI)	~30%
Physician	-26%

Sources: Federal Register, Medicare Reimbursement, Bureau of Labor Statistics, Congressional Budget Office.

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**We need to fix Medicare physician payment NOW.**