September 10, 2024

The Honorable Mike Johnson Speaker United States House of Representatives H-232, The Capitol Washington, D.C. 20515

The Honorable Mitch McConnell Minority Leader United States Senate S-230, The Capitol Washington, D.C. 20510 The Honorable Charles Schumer Majority Leader United States Senate S-221, The Capitol Washington, D.C. 20510

The Honorable Hakeem Jeffries Minority Leader United States House of Representatives H-204, The Capitol Washington, D.C. 20515

Dear Speaker Johnson, Majority Leader Schumer, Minority Leader McConnell, and Minority Leader Jeffries:

On behalf of the undersigned physician and non-physician organizations, representing more than one million clinicians and the patients they serve, we are once again drawing your attention to year-over-year cuts to the flawed Medicare physician payment system. Congress must take action to fix this unsustainable system so Medicare payments to physicians and other clinicians reflect the cost of practice and ensure Medicare beneficiaries have timely access to care. **Step one is ensuring that Medicare payments to clinicians in 2025 and beyond are adjusted each year with an inflationary update.** 

In July, the Centers for Medicare & Medicaid Services (CMS) released the Calendar Year (CY) 2025 Medicare Physician Fee Schedule (MPFS) proposed rule, which includes a 2.8% reduction to the MPFS conversion factor (CF). Reductions to the CF impact every single clinician providing care to Medicare beneficiaries.

At the same time, clinicians continue to face ongoing financial challenges operating their practices since the Medicare payment system has failed to keep pace with inflation. In 2025, the proposed 2.8% payment reduction will coincide with an expected 3.6% increase in medical practice cost inflation, as measured by the Medicare Economic Index (MEI). When adjusted for inflation, Medicare physician payments have declined by 29% from 2001 to 2024.<sup>1</sup> This is clearly not a sustainable trajectory.

Since 2020, Congress has mitigated but not eliminated reductions caused by the application of Medicare's budget-neutrality adjustment, which statutorily prohibits any net increase in cost to the federal government when adjustments to the MPFS exceed \$20

<sup>&</sup>lt;sup>1</sup> https://www.ama-assn.org/system/files/2024-medicare-updates-inflation-chart.pdf.

million.<sup>2</sup> Most recently, in the Consolidated Appropriations Act, 2024, Congress provided 2.93% of relief to help offset 2024's payment cut, once again mitigating but not eliminating the reduction and failing to keep up with medical inflation for 2024. Unfortunately, the additional 2.93% expires at the end of 2024, which is the main contributor to the proposed 2.8% reduction for 2025.

The MPFS is the only payment system within Medicare lacking an annual inflationary update, even though clinicians — many of whom are small business owners — contend with a wide range of shifting economic factors, such as increasing administrative burdens, staff salaries, building rent, and purchase of essential technology when determining their ability to provide care to Medicare patients.<sup>3</sup> The absence of an annual inflationary update, combined with statutory budget neutrality requirements, further compounds the difficulties our members face in managing resources to continue caring for patients in their communities.

In recognition of these systemic flaws, bipartisan legislation has been introduced in the House of Representatives to add a permanent MEI-based inflationary update to the MPFS, the Strengthening Medicare for Patients and Providers Act (H.R. 2474). Additionally, two bills currently pending before Congress — the Provider Reimbursement Stability Act (H.R. 6371) and the Physician Fee Stabilization Act (S. 4935) — have been introduced to provide statutory changes to the budget neutrality requirement to help ensure payment stability in the MPFS.

Congress must act before the end of 2024 to provide clinicians with the financial stability needed to ensure beneficiaries continue to have access to high-quality care.

Thank you for considering this request to act this year.

Sincerely,

Academy of Nutrition and Dietetics Academy of Orthopaedic Physical Therapy ADVION (formerly the National Association for the Support of Long Term Care) Alliance for Physical Therapy Quality and Innovation Alliance for Recovery Care Alliance of Specialty Medicine Alliance of Wound Care Stakeholders Ambulatory Surgery Center Association American Academy of Allergy, Asthma & Immunology American Academy of Dermatology Association

<sup>&</sup>lt;sup>2</sup> https://www.ama-assn.org/system/files/medicare-basics-budget-neutrality.pdf.

<sup>&</sup>lt;sup>3</sup> https://www.ama-assn.org/system/files/2024-medicare-updates-inflation-chart-cumulative.pdf.

American Academy of Family Physicians American Academy of Hospice and Palliative Medicine American Academy of Neurology American Academy of Ophthalmology American Academy of Oral and Maxillofacial Pathology American Academy of Oral and Maxillofacial Radiology American Academy of Otolaryngology – Head and Neck Surgery American Academy of Physical Medicine and Rehabilitation American Association of Clinical Endocrinology American Association of Hip & Knee Surgeons American Association of Neurological Surgeons American Association of Nurse Anesthesiology American Association of Oral and Maxillofacial Surgeons American Association of Orthopaedic Surgeons American Chiropractic Association American College of Allergy, Asthma & Immunology American College of Cardiology American College of Chest Physicians American College of Emergency Physicians American College of Gastroenterology American College of Mohs Surgery American College of Obstetricians and Gynecologists American College of Osteopathic Family Physicians American College of Osteopathic Internists American College of Physicians American College of Radiation Oncology American College of Radiology American College of Rheumatology American College of Surgeons American Gastroenterological Association American Health Care Association/National Center for Assisted Living American Medical Association American Medical Group Association American Medical Rehabilitation Providers Association American Nurses Association American Occupational Therapy Association American Optometric Association American Orthopaedic Foot & Ankle Society American Osteopathic Association American Physical Therapy Association American Podiatric Medical Association American Psychiatric Association American Psychological Association Services American Rhinologic Society

American Society for Dermatologic Surgery Association American Society for Gastrointestinal Endoscopy American Society for Radiation Oncology American Society for Surgery of the Hand Professional Organization American Society for Transplantation and Cellular Therapy American Society of Anesthesiologists American Society of Breast Surgeons American Society of Cataract & Refractive Surgery American Society of Diagnostic and Interventional Nephrology American Society of Echocardiography American Society of General Surgeons American Society of Hand Therapists American Society of Nephrology American Society of Neuroradiology American Society of Nuclear Cardiology American Society of Plastic Surgeons American Society of Retina Specialists American Society of Transplant Surgeons American Speech-Language-Hearing Association American Urogynecologic Society **APTA Private Practice** Association for Academic Pathology Association for Clinical Oncology Association of American Medical Colleges Association of Diabetes Care & Education Specialists Association of Freestanding Radiation Oncology Centers Association of Women in Rheumatology California Medical Association CardioVascular Coalition Coalition of State Rheumatology Organizations College of American Pathologists Congress of Neurological Surgeons **Dialysis Vascular Access Coalition Digestive Health Physicians Association Emergency Department Practice Management Association** Florida Medical Association Florida Society of Rheumatology Heart Failure Society of America Heart Rhythm Society Idaho Medical Association Indiana Association of Pathologists Infectious Diseases Society of America Infusion Providers Alliance Kentucky Medical Association

Large Urology Group Practice Association Louisiana State Medical Society Massachusetts Medical Society Medical Group Management Association Medical Society of New Jersey Medical Society State of New York Missouri State Medical Association National Association of Rehabilitation Providers And Agencies National Association of Spine Specialists National Infusion Center Association **Office-Based Facility Association** Oregon Medical Association **Outpatient Endovascular and Interventional Society** Pennsylvania Medical Society Radiology Business Management Association **Renal Physicians Association** Society for Cardiovascular Angiography and Interventions Society for Vascular Surgery Society of Interventional Radiology Society of NeuroInterventional Surgery **Texas Medical Association** The Society of Thoracic Surgeons US Oncology Network Washington State Medical Association