

September 13, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

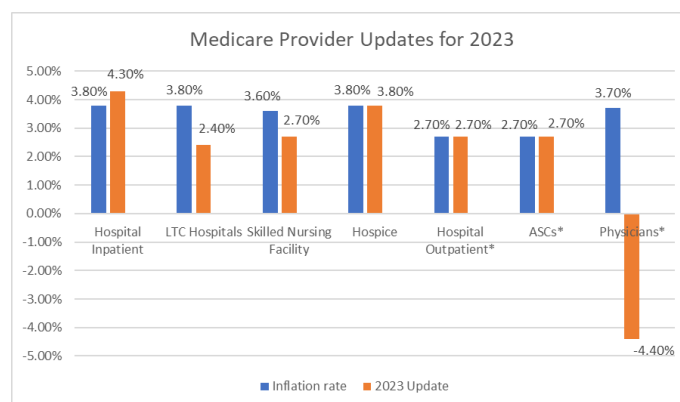
The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Majority Leader Schumer, Leader McConnell, and Leader McCarthy:

The American Medical Association and undersigned national specialty and state medical societies representing the vast majority of physicians practicing in the United States continue to be deeply alarmed about the mounting financial instability of the Medicare physician payment system.

This instability is being driven by a confluence of fiscal uncertainties physician practices face related to statutory payment cuts, perennial lack of inflationary updates, significant administrative barriers, and the cumulative impact of the pandemic. The Medicare payment system remains on an unsustainable path, threatening beneficiaries' access to physicians.

According to an AMA analysis of Medicare Trustees data, Medicare physician payment has been reduced 20 percent adjusted for inflation from 2001–2021. The Medicare physician payment system lacks an adequate annual physician payment update, unlike those that apply to other Medicare provider payments. As indicated in the chart below, physicians are the only Medicare providers not receiving an inflationary update in 2023.



*Updates not final; 2023 regulations still at proposed rule stage.

In fact, a continuing statutory freeze in annual Medicare physician payments is scheduled to last until 2026, when updates resume at a rate of 0.25 percent per year indefinitely, well below inflation rates. Moreover, the challenge physicians face with the discrepancy between what it costs to run a physician

practice and actual payment is only exasperated when combined with the administrative and financial burden of participating in Medicare.

The physician community stands ready to work with Congress to develop long-term solutions to the systemic problems with the Medicare physician payment system and preserve patient access. We appreciate the action Congress took late last year to delay a “perfect storm” of Medicare payment cuts that, if enacted, would have severely impeded patient access to care. Unfortunately, these delayed cuts, and some new ones, will take effect in 2023.

Before the end of the year, we strongly urge Congress to:

- Extend the Congressionally enacted 3 percent temporary increase in the Medicare physician fee schedule.
- Provide relief for an additional 1.42 percent budget neutrality cut that is planned for 2023.
- End the statutory annual freeze and provide an inflation-based update for the coming year.
- Prevent a scheduled 5 percent payment cut for Advanced Alternative Payment Models (APMs) and the corresponding impossible-to-meet revenue threshold increase at the end of 2022.
- Waive the 4 percent PAYGO sequester triggered by passage of the American Rescue Plan Act.

We appreciate your consideration and look forward to working with you and your colleagues to end the destructive cycle of annual Medicare cuts and to establish a permanent Medicare payment system that improves and preserves patient access to physician care.

Sincerely,

American Medical Association