

September 10, 2024

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

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

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230, 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 2024.¹ 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

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

million.² 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.³ 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 Audiology
American Academy of Dermatology Association

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

³ <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