AMA
AMERICAN MEDICAL ASSOCIATION

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The Honorable John Joyce, MD
U.S. House of Representatives
2102 Rayburn House Office Building
Washington, DC 20515

The Honorable Kim Schrier, MD
U.S. House of Representatives
1110 Longworth House Office Building
Washington, DC 20515

The Honorable Greg Murphy, MD
U.S. House of Representatives
407 Cannon House Office Building
Washington, DC 20515

Dear Representatives Joyce, Murphy, and Schrier:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am pleased to express our support for H.R. 9693, the "Patients First Act." This comprehensive, bipartisan legislation represents an important opportunity to reform the Medicare physician payment system and replace the annual cycle of cuts and temporary patches with a payment system that is stable, predictable, and reflective of growth in the actual costs of delivering care.

The need for reform is clear and long overdue. When adjusted for inflation in practice costs, Medicare physician payment has fallen approximately 33 percent since 2001, even as expenses for staffing, technology, and regulatory compliance have climbed steadily. Physicians remain the only Medicare provider type that does not receive an annual payment update tied to inflation. This growing gap between payment updates and inflation in their costs has already forced many practices—including small, rural, and independent practices—to consolidate or limit the number of Medicare patients they can treat. Left unaddressed, this erosion threatens timely access to care for millions of Medicare patients.

The Patients First Act directly addresses these structural flaws. Most importantly, it establishes a permanent annual payment update linked to the Medicare Economic Index, built into the baseline, so that Medicare payment more closely tracks increases in the cost of running a practice. Under current law, the cumulative update for most physicians from 2026 to 2036 would be essentially flat—just 0.03 percent—while under this legislation it would grow by 7.7 percent, with a comparable improvement for physicians in alternative payment models (APMs). A statutory floor on the annual update provides added protection in low-inflation years. The legislation also extends and increases the work geographic practice cost index floor, benefiting physicians in many rural areas and 34 entire states, and establishes a five-year hybrid payment demonstration for independent primary care practices, fully funded and exempt from budget neutrality so as not to reduce payments for any other specialty.

The AMA also supports Title II, which replaces the Merit-based Incentive Payment System (MIPS) with the Patient Outcome Improvement National Tabulation System (POINTS). MIPS has imposed substantial reporting burdens and steep penalties—falling hardest on small, rural, and independent practices—without demonstrable improvements in quality of care. POINTS puts physicians and specialty societies,

rather than the government, at the center of quality measurement through a clinician-majority Quality Care Reform Task Force; sharply reduces maximum penalties during and after the transition; and eliminates the Promoting Interoperability category. Its new Care Efficiency category will, for the first time, give physicians credit for the Medicare savings they generate by preventing avoidable hospitalizations and complications of chronic disease. The bill further creates a bonus performance program reserved for independent physicians and practices of 15 or fewer clinicians, prohibits penalties for any performance year in which physicians have not received timely quarterly feedback reports, and establishes a reporting pathway for clinician-led clinical data registries operated by physician professional societies. These reforms will allow physicians to devote more time to patient care and less to arbitrary reporting requirements.

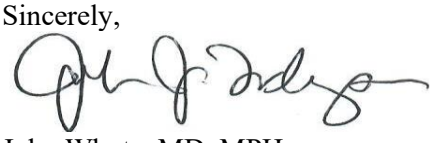
The bill's APM provisions similarly reflect long-standing AMA advocacy. By freezing the Qualifying Participant threshold at 50 percent for three years, authorizing the Secretary to set lower thresholds, and requiring reports on the barriers specialists face in joining APMs, the legislation preserves meaningful incentives for physicians transitioning to value-based care.

Finally, the AMA is pleased that the legislation incorporates the budget neutrality reforms of the Provider Reimbursement Stability Act. These provisions raise the outdated $20 million budget neutrality threshold—unchanged since it was established—to $57.64 million in 2028 with regular indexing thereafter; create a correction process requiring the Centers for Medicare & Medicaid Services to reconcile utilization misestimates so physicians are no longer penalized indefinitely for estimation errors unrelated to the care they provide; require regular updates to the direct cost inputs underlying practice expense values in consultation with physician specialty societies; and cap year-to-year conversion factor variance at 2.5 percent to prevent large, destabilizing swings in payment.

Taken together, the Patients First Act addresses the four core reforms the AMA and organized medicine have sought for more than a decade: automatic annual inflation-based payment updates, modernized budget neutrality policies, simplified and clinically relevant quality measurement, and greater opportunities for physicians to participate in alternative payment models. In doing so, it aligns squarely with the Characteristics of a Rational Medicare Physician Payment System, the framework endorsed by more than 120 state medical associations and national specialty societies, and advances each of that framework's three overarching goals—ensuring financial stability and predictability, promoting value-based care, and safeguarding access to high-quality care for the patients who depend on small, rural, and independent practices.

The AMA commends your bipartisan leadership, as physicians and as chairs of the GOP and Democratic Doctors Caucuses, in crafting and introducing this significant legislation, and urges your colleagues on both sides of the aisle to join as cosponsors. The AMA stands ready to work closely with you and your colleagues to advance the bill through the legislative process. Thank you for your steadfast commitment to a stable, sustainable Medicare program. Please contact me directly at 312-464-5288 or John.Whyte@ama-assn.org if you have questions or need further information.

Sincerely,



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