July 24, 2024

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

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

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230, The Capitol
Washington, DC 20510

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

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

The undersigned national medical societies and state medical associations write to collectively urge Congress to prioritize and advance several key bills and legislative proposals that provide greater fiscal stability for physicians and reform key elements of the Medicare Access and CHIP Reauthorization Act (MACRA). The current Medicare Physician Payment System (MPPS) is increasingly unsustainable and the necessary policy reforms can no longer be delayed without severe repercussions for patient access and quality of care.

The foundational component of strengthening the current payment system is refining the Medicare Physician Fee Schedule (MPFS) to accurately reflect the fiscal and clinical realities of medical practice today. To accomplish this pressing task, we focus on four key areas of reform:

1. Enacting an annual, permanent inflationary payment update in Medicare that is tied to the Medicare Economic Index (MEI);
2. Budget Neutrality reforms;
3. An overhaul of MACRA's Merit-based Incentive Payment System (MIPS); and
4. Modifications to Alternative Payment Models (APM).

MEI Update

The cost of practicing medicine has risen dramatically over the past two decades with the Centers for Medicare & Medicaid Services (CMS) estimating that the MEI increased by 4.6 percent in 2024. Despite this steep increase, physician payment rates were reduced by 3.37 percent in early 2024 followed by Congress only mitigating a portion of this cut for the remainder of the year. **On July 10, CMS released the Calendar Year 2025 MPFS Proposed Rule and, for the fifth straight year, physicians are slated for an additional payment reduction, specifically a 2.8 percent cut that, absent Congressional intervention, is expected to take effect on January 1. This latest inexcusable cut looms despite the fact that CMS also projects the increase to the MEI to be 3.6 percent in 2025, thus confirming that inflationary costs associated with running a practice continue to rise**. This series of annual payment

reductions and the lack of an inflationary update continue to threaten the viability of physician practices, add considerable burden to the practice of medicine, and stifle innovation.

Non-partisan governmental entities also continue to sound the alarm about the negative impact of continued payment cuts, especially on patient access to care. The 2024 Medicare Trustees Report, again, reiterated their concern that, without Congressional action to change the delivery system or level of payment update, **"the trustees expect access to Medicare participating physicians to become a significant issue in the long-term."**[1] In the June 2024 Report to Congress, the Medicare Payment Advisory Commission (MedPAC) expressed concern about how the lack of an inflation-based update for physician payment is exacerbating the site of service differential, which distorts competition and could increase vertical consolidation, increasing spending by the Medicare program, patients, and taxpayers.[2] Without an annual inflation update, physicians will continue to struggle to maintain the option of independent, private practice.

Physician practices, many of which are small businesses, face rising costs for office rent, clinical and administrative staff wages, and professional liability insurance. The unfortunate reality is that these costs are not adequately reflected in current Medicare payment rates. Hospitals and other providers receive annual updates tied to inflation; it is critical that physician payments receive a similar adjustment. As a result, we strongly support the swift passage of H.R. 2474, the "Strengthening Medicare for Patients and Providers Act," bipartisan legislation that would provide an annual physician payment update in Medicare tied to the MEI. This reform would stabilize physician payments, allowing for long-term planning, investment in practices, and the delivery of high-quality, patient-centered care.

Budget Neutrality Reform

Targeted modifications to statutory budget neutrality requirements within the MPFS is another key pillar of the underlying effort to enact Medicare physician payment reform. When certain services are unbundled within the MPFS, current law requires them to be implemented in a budget-neutral manner, sometimes based on inaccurate utilization predictions that have led to compounding financial losses. To ensure that these challenging utilization predictions formulated by CMS can be adjusted and not lead to losses year after year, H.R. 6371, the "Provider Reimbursement Stability Act," mandates the Agency to implement a narrow, two-year look-back period that provides the capability to prospectively correct these misestimates and adjust the future MPFS conversion factor accordingly. This look-back adjustment would only be applicable when services are unbundled and have a corresponding utilization assessment assigned to them. The legislation would, in turn, require the Agency to compare the CMS developed utilization assumptions to 12 months of actual claims data. There would be no retroactive correction or

[1] https://www.cms.gov/oact/tr/2024.
[2] https://www.medpac.gov/wp-content/uploads/2024/06/Jun24_Ch1_MedPAC_Report_To_Congress_SEC.pdf.

adjustment; any subsequent changes to the conversion factor due to an under-or-overestimation of utilization of the unbundled code identified at the conclusion of this look-back period would be made prospectively. In other words, this narrowly tailored policy is not a claw-back that seeks to recoup or repay any difference in spending made in previous years. Instead, it helps ensure the accuracy of the overarching MPFS.

Additionally, the bill ensures that the $20 million threshold triggering budget neutrality adjustments, which was established in 1989 and has not been increased since, is updated to $53 million to account for inflation. The legislation also mandates that CMS update key elements of direct practice costs, specifically clinical wage rates, prices of medical supplies, and the prices of equipment, simultaneously and no less often than every five years. Finally, to guard against dramatic positive or negative changes to the MPFS, the legislation prevents the conversion factor from increasing or decreasing by more than 2.5 percent in a given year. Statutorily mandated increases to the conversion factor, such as 0.25 percent or 0.75 percent for MIPS or APMs, respectively, or a future MEI increase, would be exempt from this cap.

Congress should pass H.R. 6371 to achieve greater stability and predictability to the MPFS.

MIPS Reform

The MIPS program, as currently structured, places undue administrative burdens on physicians without demonstrable improvements in patient outcomes or quality of care. Small, rural, and underserved practices are disproportionately penalized. In turn, the undersigned organizations support legislative proposals to replace key elements of MIPS with a Data-Driven Performance Payment System (DPPS) that:

1. Freezes performance thresholds for three years to allow recovery from the COVID-19 pandemic and Change Healthcare cyberattack.
2. Eliminates the current tournament model and replaces corresponding payment penalties of up to nine percent with payment adjustments assessed as a percentage of statutorily mandated payment updates (i.e., 0.25 percent or MEI).
3. Ensures CMS provides at least three quarters of claims feedback reports and exempts physicians from all penalties should the Agency fail to provide this data.
4. Aligns program requirements with other CMS hospital value-based programs, simplifies reporting by allowing cross category credit, and enhances measurement accuracy.

We urge Congress to pass these crucial reforms to the MIPS program before the end of 2024.

APM Reform

Finally, Congress must advance legislation that would continue key policy proposals that support physicians transition into APMs. More specifically, federal lawmakers should expeditiously pass

legislation that extends APM incentive payments and freezes the current revenue threshold that physicians must meet to be eligible for the bonuses. Current APM bonuses expire at the end of 2024 and the 50 percent revenue threshold is also scheduled to jump to a nearly impossible-to-reach 75 percent on January 1, 2025. As a result, Congress should consider enacting S. 3503/H.R. 5013, the "Value in Health Care (VALUE) Act," bipartisan legislation that extends the original five percent APM incentive payments and freezes the 50 percent revenue threshold for an additional two years. In addition, it is crucial that CMS and the Center for Medicare and Medicaid Innovation work to develop a robust pipeline of APMs that are available to all physicians, particularly specialists and those in rural areas.

We stand ready to work with Congress to implement these critical legislative reforms to ensure a sustainable and effective Medicare physician payment system. We urge lawmakers to heed this call by working together and acting quickly to preserve access to care in the Medicare program.

Sincerely,

American Medical Association
Academy of Consultation-Liaison Psychiatry
Academy of Physicians in Clinical Research
AMDA - The Society for Post-Acute and Long-Term Care Medicine
American Academy of Allergy, Asthma & Immunology
American Academy of Dermatology Association
American Academy of Emergency Medicine
American Academy of Facial Plastic and Reconstructive Surgery
American Academy of Family Physicians
American Academy of Hospice and Palliative Medicine
American Academy of Ophthalmology
American Academy of Otolaryngic Allergy
American Academy of Otolaryngology-Head and Neck Surgery
American Academy of Physical Medicine and Rehabilitation
American Academy of Sleep Medicine
American Association for Geriatric Psychiatry
American Association of Child and Adolescent Psychiatry
American Association of Hip and Knee Surgeons
American Association of Neurological Surgeons
American Association of Neuromuscular & Electrodiagnostic Medicine
American Association of Orthopaedic Surgeons
American College of Allergy, Asthma and Immunology
American College of Cardiology
American College of Chest Physicians
American College of Gastroenterology
American College of Legal Medicine

American College of Lifestyle Medicine
American College of Medical Genetics and Genomics
American College of Obstetricians and Gynecologists
American College of Physicians
American College of Radiology
American College of Rheumatology
American Epilepsy Society
American Gastroenterological Association
American Geriatrics Society
American Medical Women's Association
American Orthopaedic Foot & Ankle Society
American Osteopathic Association
American Psychiatric Association
American Society for Clinical Pathology
American Society for Dermatologic Surgery Association
American Society for Gastrointestinal Endoscopy
American Society for Laser Medicine & Surgery, Inc.
American Society for Radiation Oncology
American Society for Surgery of the Hand Professional Organization
American Society of Cataract & Refractive Surgery
American Society of Interventional Pain Physicians
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 Urogynecologic Society
American Urological Association
American Venous Forum
Association for Clinical Oncology
Association of Academic Radiology
Association of American Medical Colleges
Congress of Neurological Surgeons
Heart Rhythm Society
International Pain and Spine Intervention Society
Medical Group Management Association
National Association of Medical Examiners
National Association of Spine Specialists
North American Neuromodulation Society
Renal Physicians Association
Society for Cardiovascular Angiography and Interventions
Society for Cardiovascular Magnetic Resonance

Society for Pediatric Dermatology
Society for Vascular Surgery
Society of American Gastrointestinal and Endoscopic Surgeons
Society of Cardiovascular Computed Tomography
Society of Hospital Medicine
Society of Interventional Radiology
The American Society of Breast Surgeons
The American Society of Dermatopathology
The Society of Thoracic Surgeons

Medical Association of the State of Alabama
Alaska State Medical Association
Arizona Medical Association
Arkansas Medical Society
California Medical Association
Colorado Medical Society
Connecticut State Medical Society
Medical Society of Delaware
Medical Society of the District of Columbia
Florida Medical Association
Medical Association of Georgia
Hawaii Medical Association
Idaho Medical Association
Illinois State Medical Society
Indiana State Medical Association
Iowa Medical Society
Kansas Medical Society
Kentucky Medical Association
Louisiana State Medical Society
Maine Medical Association
MedChi, The Maryland State Medical Society
Massachusetts Medical Society
Michigan State Medical Society
Minnesota Medical Association
Mississippi State Medical Association
Missouri State Medical Association
Montana Medical Association
Nebraska Medical Association
Nevada State Medical Association
New Hampshire Medical Society
Medical Society of New Jersey
New Mexico Medical Society

Medical Society of the State of New York
North Carolina Medical Society
North Dakota Medical Association
Ohio State Medical Association
Oklahoma State Medical Association
Oregon Medical Association
Pennsylvania Medical Society
Rhode Island Medical Society
South Carolina Medical Association
South Dakota State Medical Association
Tennessee Medical Association
Texas Medical Association
Utah Medical Association
Vermont Medical Society
Medical Society of Virginia
Washington State Medical Association
West Virginia State Medical Association
Wisconsin Medical Society
Wyoming Medical Society