

REPORT OF THE BOARD OF TRUSTEES

B of T Report 12-A-24

Subject: AMA Efforts on Medicare Payment Reform

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1 BACKGROUND

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3 At the 2023 American Medical Association (AMA) Annual Meeting of the House of Delegates
4 (HOD), the HOD adopted Policy – D-385.945, “Advocacy and Action for a Sustainable Medical
5 Care System” and amended Policy D-390.922, “Physician Payment Reform and Equity.” Together,
6 they declare Medicare physician payment reform as an urgent advocacy and legislative priority, call
7 on the AMA to implement a comprehensive advocacy campaign, and for the Board of Trustees (the
8 Board) to report back to the HOD at each Annual and Interim meeting highlighting the progress of
9 our AMA in achieving Medicare payment reform until predictable, sustainable, fair physician
10 payment is achieved. The Board has prepared the following report to provide an update on AMA
11 activities for the year to date. (Note: This report was prepared in mid-March based on approval
12 deadlines, so more recent developments may not be reflected in it.)

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14 AMA ACTIVITIES ON MEDICARE PHYSICIAN PAYMENT REFORM

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16 The AMA’s Medicare physician payment reform efforts were initiated early in 2022, following the
17 development of a set of principles outlining the “Characteristics of a Rational Medicare Payment
18 System” that was endorsed by 124 state medical associations and national medical specialty
19 societies. These principles identified strategies and goals to: (1) ensure financial stability and
20 predictability for physician practices; (2) promote value-based care; and (3) safeguard access to high
21 quality care.

22

23 Subsequently, the AMA worked with Federation organizations to identify four general strategies to
24 reform the Medicare payment system, including:

25

- 26 • Automatic annual payment updates based on the Medicare Economic Index (MEI);
- 27 • Updated policies governing when and how budget neutrality adjustments are made;
- 28 • Simplified and clinically relevant policies under the Merit-based Incentive Payment System
29 (MIPS); and
- 30 • Greater opportunities for physician practices wanting to transition to advanced alternative
31 payment models (APMs).

32

33 At the heart of the AMA’s unwavering commitment to reforming the Medicare physician payment
34 system lie four central pillars that underscore our strategic approach: legislative advocacy,
35 regulatory advocacy, federation engagement, and grassroots, media, and outreach initiatives.
36 Grounded in principles endorsed by a unified medical community, our legislative efforts drive the
37 advancement of policies that foster payment stability and promote value-based care. We actively
38 champion reform through regulatory channels, tirelessly engaging with crucial agencies such as the
39 Centers for Medicare & Medicaid Services (CMS) and the White House to address impending
40 challenges and ensure fair payment policies. Our federation engagement fosters unity and consensus

1 within the broader medical community, pooling resources and strategies to amplify our collective
2 voice. Lastly, our continued grassroots, media, and outreach efforts bridge the gap between
3 policymakers and the public, ensuring our mission is well-understood and supported from all
4 quarters. Together, these pillars fortify our endeavors to achieve a more rational Medicare physician
5 payment system that truly benefits all.

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7 *Legislative Advocacy*

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9 As a result of the continued advocacy efforts of the AMA and larger physician community and
10 direct engagement with Congress, a collection of influential Dear Colleague letters and
11 commonsense legislative reforms have been introduced that build upon “Characteristics of a
12 Rational Medicare Physician Payment System” including:

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14 H.R. 2474, the Strengthening Medicare for Patients and Providers Act, introduced on April 14, 2023
15 by Reps. Raul Ruiz, MD (D-Calif.), Larry Bucshon, MD (R-Ind.), Ami Bera, MD (D-Calif.) and
16 Mariannette Miller-Meeke, MD (R-Iowa), would automatically update the Medicare physician
17 payment schedule each year by Medicare’s annual estimate of practice cost inflation, the MEI. H.R.
18 2474 currently has 126 bipartisan cosponsors.

19
20 On July 28, 2023, a bipartisan group of 101 U.S. House of Representatives members sent a letter to
21 House leadership on the need to prioritize Medicare physician payment reform, following extensive
22 grassroots support from the AMA and members of the Federation.

23
24 H.R. 6371, the Provider Reimbursement Stability Act, introduced on November 13, 2023 by Rep.
25 Greg Murphy, MD (R-N.C.) and 14 original cosponsors, would reform the Medicare Physician Fee
26 Schedule (MPFS) budget neutrality policies by: (1) requiring CMS to reconcile inaccurate
27 utilization projections based on actual claims and prospectively revise the conversion factor (CF)
28 accordingly; (2) raise the threshold that triggers a budget neutrality adjustment from \$20 million to
29 \$53 million and increase it every five years by the cumulative increase in the MEI; (3) require the
30 direct inputs for practice expense relative value unit (i.e., clinical wages, prices of medical supplies
31 and prices of equipment) to be reviewed concurrently and no less often than every five years; and
32 (4) require CMS to limit positive or negative budget neutrality adjustments to the CF to 2.5 percent
33 each year. In November of 2023, the House Committee on Energy and Commerce advanced select
34 provisions of H.R. 6371 to reform fee schedule budget neutrality policies.

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36 H.R. 5013/S. 3503, the Value in Health Care (VALUE) Act, introduced on July 28, 2023 by Reps.
37 Darin LaHood (R-Ill.) and Suzan DelBene (D-Wash.) in the House and Senators Whitehouse (D-
38 R.I.) and Barrasso (R-Wyo.) in the Senate on December 13, 2023, would extend the 5 percent APM
39 bonus and maintain the 50 percent revenue threshold for two years.

40
41 In November of 2023, the Senate Committee on Finance and the House Committee on Energy and
42 Commerce advanced legislation to offset a portion (1.25 percent) of the 2024 CF cuts as well as to
43 partially extend the APM bonus and maintain the current revenue threshold required for the
44 bonuses. During these markups, members of both committees discussed the need for Medicare
45 payment reform at length and secured pledges from the chairs to address the issue in earnest in
46 2024.

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48 H.R. 6683, the Preserving Seniors’ Access to Physicians Act, introduced on December 8, 2023 by
49 Reps. Greg Murphy, MD (R-N.C.), Danny Davis (D-Ill.), Brad Wenstrup (R-Ohio), Michael
50 Burgess, MD (R-Texas), Jimmy Panetta (D-Calif.) and Larry Bucshon, MD (R-Ind.), would provide

1 full, short-term relief from the 3.37 percent cut imposed in 2024 due to the budget neutrality policies
2 medicine is seeking to reform.

3
4 Nearly 200 bipartisan members of Congress cosigned a Dec. 13 [letter](#) led by Representatives
5 Mariannette Miller-Meeks, MD (R-IA), Ami Bera, MD (D-CA), Larry Bucshon, MD (R-IN) and
6 Kim Schrier, MD (D-WA) urging House and Senate leadership to expeditiously pass legislation to
7 address looming 2024 Medicare payment cuts. Absent congressional intervention, Medicare
8 physician payments will be reduced by 3.37 percent on Jan. 1, 2024, due to budget neutrality
9 requirements within the Calendar Year 2024 MPFS Final Rule.

10
11 On Feb. 9, Senators Cortez Masto (D-NV), Blackburn (R-TN), Thune (R-SD), Barrasso (R-WY),
12 Stabenow (D-MI) and Warner (D-VA) announced the formation of a bipartisan Medicare payment
13 reform working group. The primary goal of this working group is to explore the current problems
14 with the MPFS, propose long-term solutions and make the necessary updates to the Medicare
15 Access and Chip Reauthorization Act (MACRA), which sets physician payment policies in the
16 Medicare program. The AMA will serve as a resource to the Senate working group.

17
18 On February 23, 2024, Senators John Boozman (R-AR) and Peter Welch (D-VT) along with 30
19 Senators colleagues sent a Dear Colleague [letter](#) calling on Senate leadership to advance a
20 legislative solution to create stability in the Medicare program by addressing the 2024 cut to
21 Medicare payments and ensure that physicians and clinicians have the necessary financial support to
22 care for the nation's seniors.

23
24 The Consolidated Appropriations Act, 2024, H.R. 4366, which passed the House of Representatives
25 and the Senate and was signed into law by President Biden on March 8, included provisions
26 reducing by about half —1.68 percent —of the 3.37 percent across-the-board Medicare physician
27 pay cut that took effect on January 1. The new pay rate took effect on March 9.

28
29 The legislation also included an extension of incentive payments for participation in eligible
30 alternative payment models at a reduced rate of 1.88 percent and maintained the threshold
31 requirements to qualify for such payments.

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33 The AMA issued a statement expressing extreme disappointment that about half of the 2024
34 Medicare physician payment cuts required by the Medicare Fee Schedule will be allowed to
35 continue. The AMA conveyed that failure to reverse these cuts will impact access to high quality
36 care and physicians will find it more difficult to accept new Medicare patients.

37
38 The AMA will continue to work with Congress and the administration to build bipartisan support in
39 Congress for a proposal that will put an end to the annual cycle of Medicare cuts that threaten
40 seniors' access to care. Bipartisan support for the aforementioned legislative proposals continues to
41 grow among rank-and-file Members of Congress. However, the need for further advocacy remains
42 to push the relevant Committees and Congressional leadership to make Medicare physician payment
43 reform a top priority.

44
45 The AMA is also in the process of finalizing legislative language that would: (1) simplify MIPS
46 reporting and improve its clinical relevance; (2) reduce the potential severity of penalties (currently
47 as much as -nine percent) for those scoring poorly under MIPS; (3) provide support to smaller
48 practices that tend to score lower under the program; and (4) provide timely and meaningful
49 performance feedback to physicians and expand the use of clinical data registries.

1 In addition to regular interactions with members of Congress and their staff by Advocacy staff, the
2 AMA has sent a number of letters and statements to Capitol Hill, including the following:

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- 4 • 1/2/23 - signed on a physician/allied health professions [letter](#) to Congressional committees
- 5 requesting MACRA oversight hearings;
- 6 • 2/13/23 - signed on a coalition [letter](#) to committees on value-based care;
- 7 • 3/15/23 - a sign on [letter](#) developed by the AMA was sent to Congress regarding the
- 8 Medicare Payment Advisory Committee (MedPAC) recommendation for an inflation-based
- 9 update;
- 10 • 3/20/23 - an AMA [statement](#) was filed for the Senate Health, Education, Labor and Pensions
- 11 Committee's health care workforce hearing, highlighting the impact of declining Medicare
- 12 payments on the physician workforce;
- 13 • 4/19/23 - a sign on [letter](#) developed by the AMA was sent to the House expressing support
- 14 for H.R. 2474;
- 15 • 5/3/23 - signed on a physician/allied health professions [letter](#) to Congress in support of H.R.
- 16 2474;
- 17 • 6/21/23 - the AMA submitted a [letter](#) for the record for a hearing by the House Energy &
- 18 Commerce Oversight & Investigations Subcommittee on MACRA;
- 19 • 10/5/23 - the AMA [responded](#) to the Ways & Means Committee's Request for Information
- 20 on ways to improve health care in rural and underserved areas;
- 21 • 10/19/23 - the AMA submitted a [statement](#) for the Record to the U.S. House of
- 22 Representatives Committee on Energy and Commerce Subcommittee on Health as part of
- 23 the hearing entitled "What's the Prognosis? Examining Medicare Proposals to Improve
- 24 Patient Access to Care & Minimize Red Tape for Doctors."
- 25 • 12/11/23 - the AMA [wrote](#) in strong support of H.R. 6683, the "Preserving Seniors' Access
- 26 to Physicians Act," bipartisan legislation that blocks another round of damaging Medicare
- 27 payment cuts;
- 28 • 1/17/24 - the AMA organized national medical organizations and state medical societies to
- 29 write a [letter](#) strongly urging Congress to quickly pass legislation to reverse the 3.37 percent
- 30 Medicare physician payment cuts that took effect on January 1, 2024.

31 32 *Regulatory Advocacy*

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34 In anticipation of a new round of budget neutrality adjustments expected in 2024 due to
35 implementation of the G2211 code for complex office visits, the AMA had a multitude of meetings
36 with officials at CMS, the Department of Health and Human Services (HHS), and the White House
37 to discuss options for reducing the severity of the adjustment—and to argue whether any adjustment
38 is needed at all.

39
40 The proposed rule on the 2024 Medicare physician fee schedule that was released on July 13 revised
41 the utilization estimate for G2211 that they used to calculate the budget neutrality adjustment from
42 the 90 percent previously announced in 2021 to 38 percent, significantly reducing the impact on
43 payments.

44
45 The AMA also secured another hardship exemption that physicians can claim under MIPS to avoid
46 up to -nine percent in performance penalties in 2025.

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48 On November 2, 2023, the CMS released the 2024 Medicare Physician Payment Schedule final rule
49 reducing the 2024 Medicare CF by 3.37 percent. These cuts result from a -1.25 percent reduction in
50 the temporary update to the CF under current law and a negative budget neutrality adjustment
51 stemming in large part from the adoption of the new G2211 office visit add-on code. Unfortunately,

1 these cuts coincide with ongoing growth in the cost to practice medicine as CMS projects a 4.6
2 percent Medicare Economic Index (MEI) increase for 2024.

3
4 Despite comments from the AMA and others that the G2211 add-on code is ambiguous and there is
5 uncertainty about when to report it, CMS did not further reduce the utilization estimate or the
6 associated budget neutrality impact. Specifically, CMS maintained its estimate from the proposed
7 rule that the add-on code will be reported with 38 percent of office visits in 2024.

8
9 Notably, in response to organized medicine’s advocacy, CMS maintained the performance threshold
10 to avoid a penalty in the Merit-based Incentive Payment System (MIPS) at 75 points in 2024. As a
11 result, 78 percent of eligible clinicians are expected to avoid a MIPS penalty in 2026, a significant
12 improvement from CMS’ earlier projection that just over half of eligible clinicians would avoid a
13 penalty in the proposed rule.

14 15 *Federation Engagement*

16
17 A Medicare Reform Workgroup comprised of staff from national medical specialty societies and
18 state medical associations was organized in 2022 and has continued to meet to develop consensus on
19 medicine’s reform proposals and advocacy strategies. The AMA also participates in a second
20 coalition, organized by the American College of Radiology, which involves non-physician clinicians
21 who bill under the Medicare fee schedule to expand our reach and minimize potential for divergent
22 proposals and strategies.

23
24 Periodic telephone conference calls are held with staff for Federation organizations to keep them
25 apprised of developments in Washington and to elicit their support for grassroots efforts.

26 27 *Grassroots, Media, and Outreach*

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29 The AMA has maintained a continuous drumbeat of grassroots contacts through its Physicians
30 Grassroots Network, Patients Advocacy Network, and its Very Influential Physicians program. Op
31 eds have been placed in various publications from AMA leaders, as well as from “grasstops”
32 contacts in local newspapers. Digital advertisements are running, targeted specifically to
33 publications read on Capitol Hill, and media releases have been issued to highlight significant
34 developments.

35
36 The AMA relaunched a dedicated Medicare payment reform web site, www.FixMedicareNow.org,
37 which includes a range of AMA-developed advocacy resource material, updated payment graphics
38 and a new “Medicare basics” series of papers describing in plain language specific challenges
39 presented by current Medicare payment policies and recommendations for reform.

40 41 2023 Fix Medicare Now Campaign Top Line Results

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43 • 425,900+ FixMedicareNow.org Page views
44 • 173,60000+ FixMedicareNow.org Site Visitors
45 • 40,679,400+ Impressions
46 • 498,000+ Engagements
47 • 1,200+ #FixMedicareNow Social Media Mentions
48 • 450+ FixMedicareNow.org Advocacy Hub User Submissions
49 • 288,000+ Contacts to Congress

1 Message testing of arguments made in support and opposition to Medicare payment reform was
2 completed in late 2023. Focus groups of U.S. voters were conducted in June, and a national poll was
3 launched in late July. The results of this message testing have been utilized to refine language used
4 in earned and paid media, as well as patient grassroots outreach.

5
6 CONCLUSION

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8 As we forge ahead in continued partnership with the Federation to advance organized medicine's
9 collective goals in our strategic mission to reshape the Medicare physician payment system, the
10 AMA remains unwavering in its commitment to successfully pursuing the four pillars discussed in
11 this report. Our steadfast dedication ensures that our members' voices are heard, and that we
12 advocate for a system that is fair, sustainable, and reflective of the value physicians bring to patient
13 care.

14
15 Facing a nearly 10 percent reduction in Medicare payments over the past four years, physicians are
16 at a breaking point and are struggling to maintain access to care for the Medicare beneficiaries they
17 treat. Rising practice costs, workforce shortages, and financial uncertainty coupled with the
18 continued lack of positive Medicare payment updates is threatening the viability of physician
19 practices. This is unsustainable and unacceptable.

20
21 While there has been some progress so far in 2024, significant advocacy work remains in the year
22 ahead and beyond to achieve our vision of Medicare physician payment reform.

23
24 Please follow Advocacy Update, join the Physicians Grassroots Network, visit
25 www.FixMedicareNow often for updated material and alerts, and follow other AMA
26 communications vehicles to stay up to date and engaged on this topic.