



Medicare Physician Payment System: On the Brink

Congressional inaction on the Medicare physician payment system in the “lame duck” session will immediately threaten patient access to physician care.

Medicare beneficiaries’ access to a physician is in jeopardy due to a planned **8.42% cut** in Medicare reimbursements starting January 1, 2023. Congress has historically suspended many of these cuts (sometimes at the last minute) without considering permanent reform. The cuts will come in the form of:

- **Centers for Medicare & Medicaid Services.** CMS has proposed a 4.5% cut for all physician services in 2023 to offset payment policy improvements in office and facility-based visits.
- **No inflationary update.** Physicians are the only providers whose Medicare payments do not automatically receive an annual inflationary update; during this time of record inflation on the heels of a highly disruptive pandemic, this statutory flaw amplifies the impact of proposed payment cuts.

Physicians cannot afford to operate under the current payment system.

- From 2001 to 2020, the cost of running a practice rose 39%. (Leigh Page, [“Physicians' Medicare Pay Keeps Dwindling — How Bad Will It Get?”](#) Medscape Medical News.)
- Over that same period, Medicare payments, adjusted for inflation, fell by 50%. (Surgical Care Coalition, [“Medicare Physician Payment 101”](#).)
- Since 2001, Medicare payments for skilled nursing facilities, inpatient hospital, and outpatient hospital visits have increased around 60%, while physician payments have increased only slightly more than 10%. ([AMA](#))
- In August, the U.S. inflation rate was 8.5%.
- Burnout, stress, workload, and the cumulative impact of COVID-19 are leading one in five physicians to consider leaving their current practice within two years.

Looking ahead, Congress must reform the Medicare physician payment system to make it simpler, more reflective of real-world physician practice costs, and more predictable for both physicians and CMS, but to protect physicians from the immediate danger...

Before January 1st Congress MUST:

- Ensure the final “must-pass” package includes language that prevents the scheduled 4.5% payment reduction from going into effect on January 1, 2023.

- Provide financial stability through a baseline positive annual update based on the Medicare Economic Index (MEI) reflecting inflation in practice costs.

Anything less than the inclusion of these two key short-term solutions is a cut to Medicare physician payments, pure and simple.

We ask that you **take action now** by:

1. [Contacting your members of Congress](#) and demanding that they protect our patients and practices by canceling these devastating Medicare cuts before the clock strikes zero!
2. Sharing this with your colleagues and asking them to contact their members of Congress using the link above.
3. Let us know that you took action by [filling out this brief survey](#) or complete the feedback form below and send it to Political.Affairs@ama-assn.org

Which of your members of Congress did you contact and how (email, phone or in-person meeting)?

If you spoke to your legislator or their staff either by phone or in-person, what was their response to your request for their support for canceling the Medicare physician payment cuts?