

July 23, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives

The Honorable Charles Schumer
Majority Leader
U.S. Senate

The Honorable Mitch McConnell
Republican Leader
U.S. Senate

Dear Speaker Pelosi and Leaders Schumer, McConnell, and McCarthy:

On behalf of the undersigned organizations, representing over *one million* physician and non-physician health care providers, thank you for your ongoing support for Medicare beneficiaries and the health care provider community. Congress' willingness to ensure greater financial stability in the Medicare program for 2021 — by mitigating significant cuts generated within the Medicare Physician Fee Schedule (MPFS) via a 3.75% Conversion Factor (CF) increase for all services — avoided significant disruptions to care for Medicare beneficiaries, supported small health care businesses — especially in rural and underserved areas — and provided a lifeline for health care providers still reeling from the residual impacts of the COVID-19 pandemic. Unfortunately, this temporary measure did not address the ongoing structural problems with the MPFS, and the provider community is again bracing for steep cuts in 2022, which could result in many beneficiaries losing timely access to essential health care services. ***To avoid this scenario, our organizations urge Congress to maintain the 3.75% increase to the CF through at least calendar years 2022 and 2023.***

Medicare payments have been under pressure from the Centers for Medicare & Medicaid Services' (CMS) anti-inflationary payment policies for more than 20 years. While physician and non-physician provider services represent a very modest portion of the overall growth in health care costs, they are perennial targets for cuts when policymakers seek to limit spending. Although physicians and other health care providers generally avoided direct cuts to reimbursements caused by the sustainable growth rate formula (SGR) — which was enacted in 1997 and repealed in 2015 — because Congress repeatedly acted, Medicare provider payments have remained constrained by a budget-neutral financing system. Updates to the CF have failed to keep pace with inflation, and the result is that the CF today is only about 50% of what it would have been if it had been indexed to general inflation starting in 1998. In addition, the cost of running a medical practice has increased by 37 percent between 2001 and 2020, which equates to 1.7 percent per year, when measured by the Medicare Economic Index (MEI). The startling reality is that, adjusted for inflation in practice costs, Medicare physician pay actually *declined* 22 percent from 2001 to 2020, which equates to a 1.3% per year average reduction.

Moving forward, Congress must recognize the need for critical reforms to the MPFS system, including addressing the budget neutrality requirement, which can lead to arbitrary reductions to reimbursement unrelated to the cost of providing care. The primary goal of the MPFS must be to encourage broad participation of health care providers to deliver appropriate and timely quality care to meet the health needs of Medicare beneficiaries. A secondary goal of the fee schedule should be to reflect the modern health care delivery system in which different health care professionals work collaboratively to advance appropriate health outcomes for their patients. Unfortunately, these goals are not reflected in the “zero-sum” structure of the MPFS. Instead, physicians, therapists, and other health care providers are forced into an adversarial role when fee schedule payment policies are developed and/or implemented. The result is that patients suffer as providers adjust to unpredictable and excessive reductions to reimbursement that

inhibit their ability to ensure beneficiaries have access to the care they need; services that improve outcomes and lower costs.

We, therefore, urge Congress and the Administration to make a critical investment in the nation's health care delivery system by maintaining the 3.75% increase to the CF through at least calendar years 2022 and 2023. Maintaining this level of funding will ensure physicians and other health care providers can continue to provide high-quality care focused on engaging patients, increasing the delivery of integrated, team-based care, expanding chronic disease management, and reducing hospital admission/readmission rates for beneficiaries residing in the community as well as those in long-term nursing facilities.

Our organizations would welcome the opportunity to work with Congress to address long-term challenges associated with Medicare payment policy, especially the budget neutrality provision that has precipitated these steep cuts. The undersigned groups were encouraged by recent discussions with congressional leadership and staff, who acknowledged the need to maintain and address payment stability for physician and non-physician providers who serve older Americans. Millions of seniors rely on the Medicare program, and we must work to ensure it remains a robust and dependable option for those who need it the most. We remain committed to partnering with Congress to identify and advance these critical reforms and appreciate your continued support of the health care providers on which older Americans rely.

Sincerely,

Academy of Nutrition and Dietetics
Alliance for Physical Therapy Quality and Innovation
Alliance for Recovery Care
Alliance of Specialty Medicine
Ambulatory Surgery Center Association
American Academy of Allergy, Asthma & Immunology
American Academy of Audiology
American Academy of Dermatology Association
American Academy of Facial Plastic and Reconstructive Surgery
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 for the Study of Liver Diseases
American Association of Clinical Urologists
American Association of Hip & Knee Surgeons
American Association of Neurological Surgeons
American Association of Oral and Maxillofacial Surgeons
American Association of Orthopaedic Surgeons
American Chiropractic Association
American Clinical Neurophysiology Society
American Cochlear Implant Alliance
American College of Cardiology
American College of Emergency Physicians
American College of Foot and Ankle Surgeons

American College of Gastroenterology
American College of Mohs Surgery
American College of Obstetricians and Gynecologists
American College of Osteopathic Surgeons
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 Geriatrics Society
American Health Care Association
American Medical Association
American Medical Group Association
American Medical Society for Sports Medicine
American Medical Rehabilitation Providers Association
American Occupational Therapy Association
American Optometric Association
American Orthopaedic Foot & Ankle Society
American Physical Therapy Association
American Podiatric Medical Association
American Psychiatric Association
American Psychological Association
American Rhinologic Society
American Society for Dermatologic Surgery Association
American Society for Gastrointestinal Endoscopy
American Society for Metabolic & Bariatric Surgery
American Society for Radiation Oncology
American Society for Surgery of the Hand
American Society of Anesthesiologists
American Society of Cataract and Refractive Surgery
American Society of Echocardiology
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 Pediatric Nephrology
American Society of Plastic Surgeons
American Society of Retina Specialists
American Society of Transplant Surgeons
American Speech-Language-Hearing Association
American Urogynecologic Society
American Urological Association
Association for Clinical Oncology
Association for Quality Imaging
Association of American Medical Colleges
Association of Black Cardiologists
Association of Freestanding Radiation Oncology Centers
CardioVascular Coalition
Clinical Social Work Association

Coalition of State Rheumatology Organizations
Congress of Neurological Surgeons
Dialysis Vascular Access Coalition
Digestive Health Physicians Association
Emergency Department Practice Management Association
Endocrine Society
Fibroid Coalition
Heart Failure Society of America
Large Urology Group Practice Association
Medical Group Management Association
National Association for the Support of Long Term Care
National Association of Rehabilitation Providers & Agencies
National Association of Spine Specialists
National Center for Assisted Living
North American Neuro-Ophthalmology Society
Private Practice Section of the American Physical Therapy Association
Radiology Business Management Association
Renal Physicians Association
Society for Cardiovascular Angiography and Interventions
Society for Vascular Surgery
Society of American Gastrointestinal and Endoscopic Surgeons
Society of General Internal Medicine
Society of Interventional Radiology
Society of NeuroInterventional Surgery
Society of Nuclear Medicine and Molecular Imaging
Society of Gynecologic Oncology
The American Society of Breast Surgeons
The Society of Thoracic Surgeons
United Specialists for Patient Access

Cc:

U.S. Senate

U.S. House of Representatives