American College of Rheumatology
Empowering Rheumatology Professionals

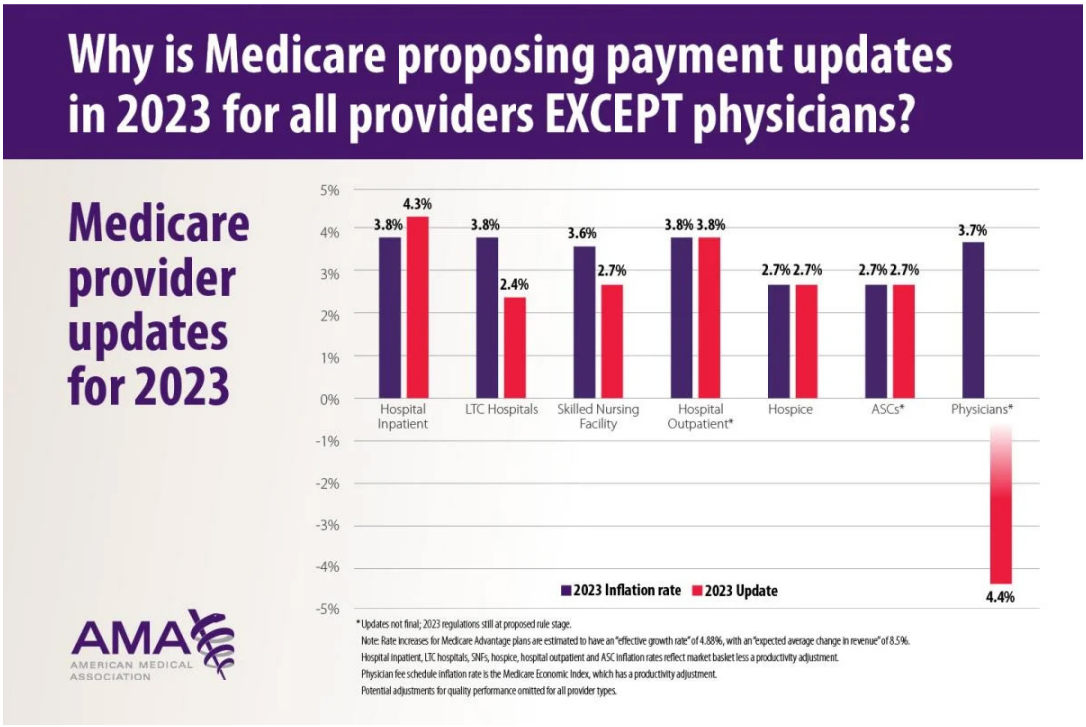
Empowering *Rheumatology Professionals*
800 Maine Avenue, SW • 6th Floor • Washington, DC 20024
P: 404.633.3777 F: 404.633.1870

Protect Access to Care by Supporting Providers

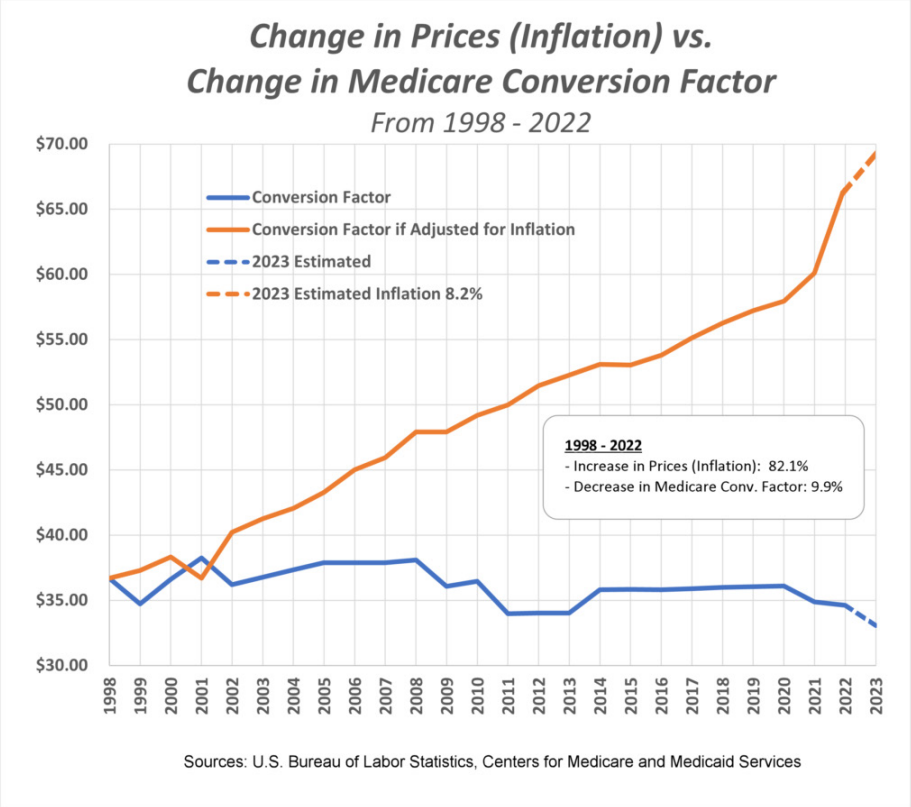
Under the current system of Medicare funding, there are across-the-board cuts each year to reimbursements to physicians treating Medicare patients in the Medicare Physician Fee Schedule (MPFS). As physician-owned practices combat insecurity around varying payments from Medicare for treating patients, these patients' access to care is put at risk. **We are asking you to avoid putting patient care in jeopardy by passing two pieces of legislation.**

First: Support the *Strengthening Medicare for Patients and Providers Act* (H.R. 2474) to tie physician payments for treating Medicare patients to inflation by adding a permanent, Medicare Economic Index (MEI)-based inflationary update to the MPFS. Physicians are the only healthcare sector that does not receive an inflation-linked increase in Medicare payments.

When inflation is factored in, Medicare physician payments plunged 20% from 2001 to 2021. Over the same time, the cost of operating a practice went up 39%. H.R. 2474 would tie Medicare physician payments to inflation, like all other Medicare payments, and reduce the gaps between the cost of providing the care and the amount that physicians are reimbursed.



The MPFS conversion factor in 2024 is $32.74, lower than it was in 2001. If the MPFS conversion factor were tied to inflation, it would be $67.39. Physician practices are expected to pay high wages to their support staff to keep pace with inflation, technology, supplies, rent, malpractice insurance, medical equipment, marketing, legal advice, and more on five fewer dollars than in 2001, when those dollars are worth 105% less.



Second: Support the *Provider Reimbursement Stability Act* (H.R. 6371) to reduce the impact of budget neutrality requirements on the MPFS by raising the budget neutrality threshold from $20 million to $53 million, then increasing the threshold every five years to reflect the cumulative increase in the MEI, and also by requiring CMS to:

1. Reconcile inaccurate utilization projections based on actual claims data, then revise the conversion factor accordingly.
2. Review direct input for practice expense relative value units to be reviewed concurrently no less than once every five years.
3. Limit any prospective positive or negative budget neutrality adjustments to the conversion factor at 2.5% each year.

In the long term, the budget neutrality requirement for MPFS is not sustainable. But in the immediate future, this legislation would more than double the amount of new spending in the MPFS before budget neutrality requires cuts.

This increased flexibility to make updates without pitting MPFS code users against each other will hopefully save physicians and Congress time while more thorough reforms can be considered. Additional policies require increased accuracy in accounting for estimates and revisions will lead to fewer Congressional intervention and more accurate information.

Medicare PFS Payment Rates Formula