American College of Rheumatology
Empowering Rheumatology Professionals

Empowering *Rheumatology Professionals*
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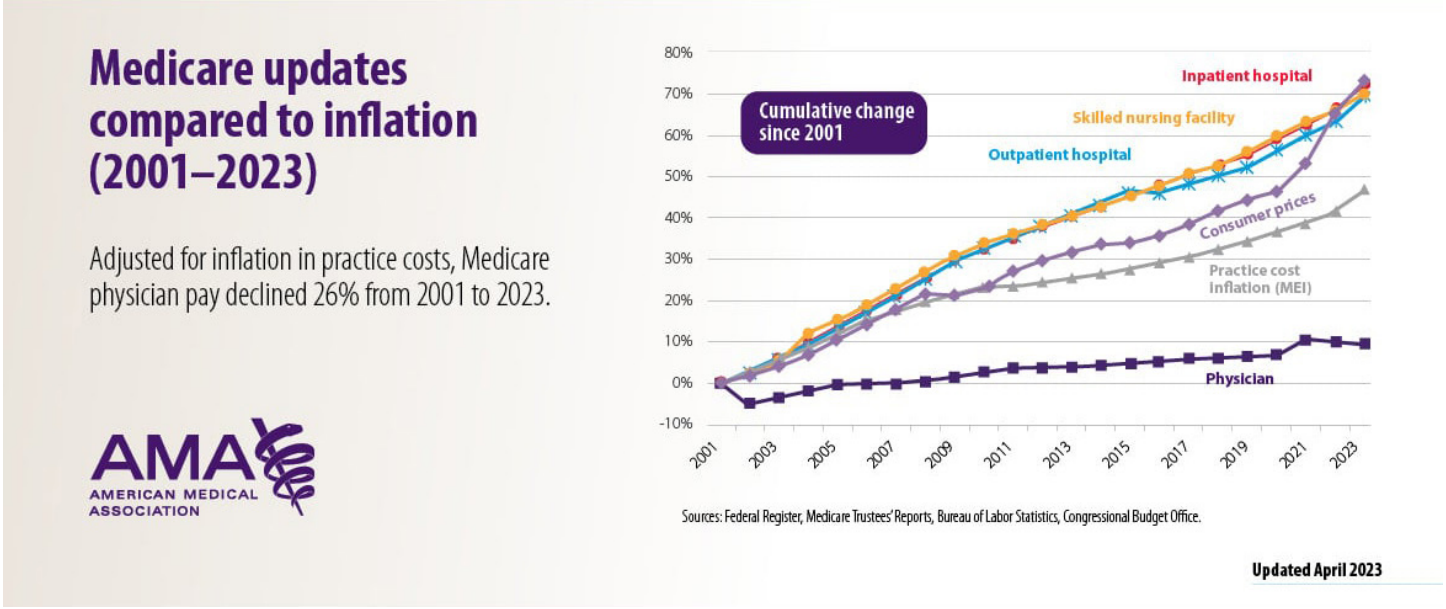
Sustain Medicare by Reforming Physician Payments

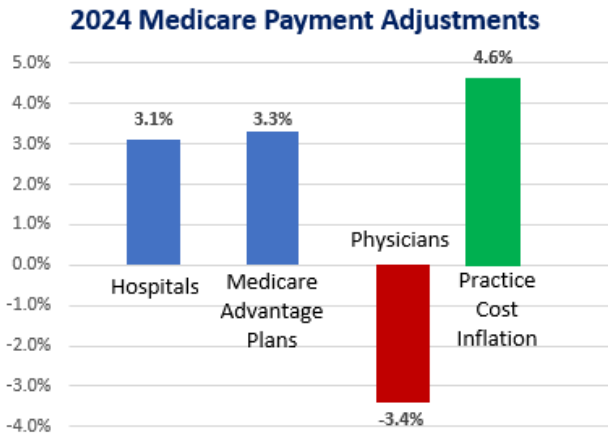
I. End the budget neutrality requirement for the Medicare Physician Fee Schedule (MPFS)

If Congress does not reform the budget neutrality requirement for the MPFS, patients may struggle to access physicians accepting Medicare.

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. For too long physician practices have been expected to pay high wages to their care team and other staff, and foot the bill for technology, rent, malpractice insurance, medical supplies, marketing, and legal advice on five ***fewer*** dollars from Medicare than in 2001, when those dollars are worth 105% less.



This is because a provision was included in the Omnibus Budget Reconciliation Act of 1989, which mandated that any estimated increases of $20 million or more to the MPFS–created by upward payment adjustments or the addition of new procedures or services–must be offset by cuts elsewhere. ***Therefore, each time a procedure code or other service is reviewed and updated to reflect the modern (higher) value, the conversion factor is cut to offset that increase.***



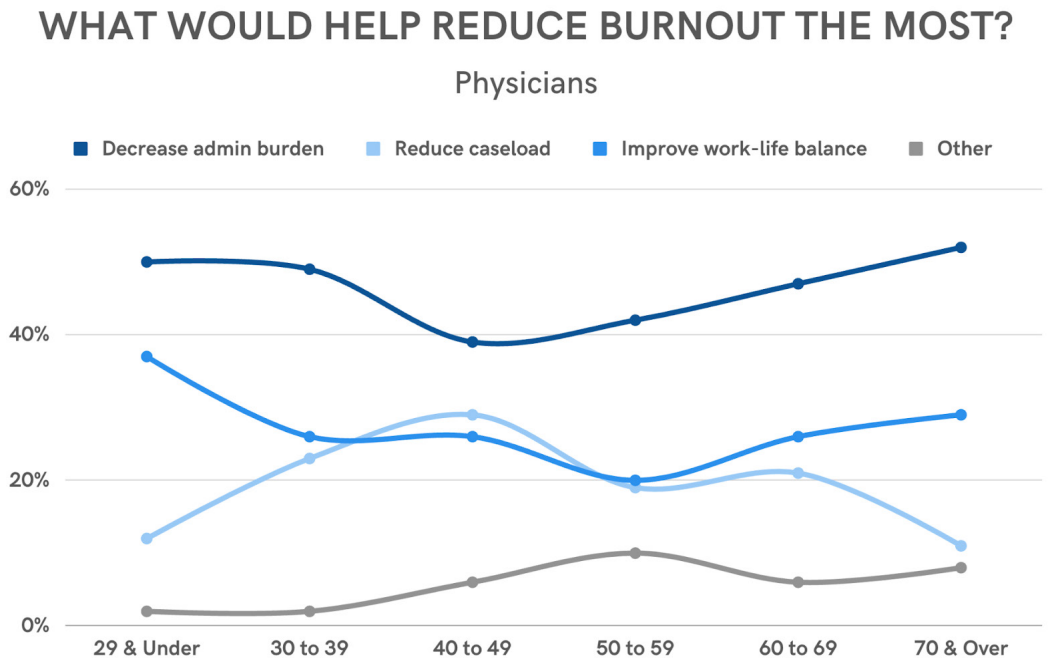
The result? Physician practices are never certain what the reimbursement rate will be each year, so they squeeze more patientsinto their schedule every day to make up for the new cuts, leaving both physicians and patients dissatisfied. The resulting physician burnout threatens the sustainability of medical care for all Americans and leaves groups like the American College of Rheumatology rushing to Congress annually asking to reduce or eliminate the cuts to the MPFS.

This legislation created a trend borne of necessity of smaller physician-owned practices merging with larger multispecialty groups or selling to hospital systems. Other practices opt out of the Medicare payment system and only accept private insurance or cash for services. This leaves the most vulnerable Americans, including seniors, the disabled, and those living in underserved communities disproportionately affected and with few options for medical care. ***As more physicians cut Medicare from their practices, Congress will have to revisit and eventually overturn the budget neutrality requirement for the MPFS.***

II. Address the greater financial burden on rheumatology and other cognitive care specialties ***by reviewing office evaluation and management (E/M) codes as often as procedure codes to stop the structural financial bias against in-office care.***

As observed by MedPAC, the MPFS and Medicare reimbursement structure prioritizes procedures at the expense of cognitive care and rheumatologists. By reviewing the codes that reimburse procedures more often (roughly every 5–7 years), the MPFS is in effect more often cutting E/M codes (which they do not review on any set schedule) due to the corresponding budget neutrality requirement cuts. Recent reevaluation of E/M codes for the first time in 30 years has provided more appropriate coding and payment policies for in-office visits, but this recent bump has not undone the damage from decades of passive devaluation of cognitive care due to budget neutrality requirements and a focus on procedures.

III. Reward the care provided to patients rather than administrative burdens. Administrative burden is an extensive category encompassing bureaucratic tasks centered on work efficiency such as data entry and maintaining electronic health records. These tasks have taken over patient appointment time and hours of unbillable time physician time after clinics close.



We appreciate that policymakers have begun to address the inordinate amount of time that physicians and other clinicians spend on documentation during patient interactions. Future legislation should aim to reduce this burden and provide healthcare professionals with more time with patients, rather than paperwork.