American College of Rheumatology
Empowering Rheumatology Professionals

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Preserve Access to Care for Medicare Patients

Arthritis disproportionately affects the aging population, so rheumatologists care for a high volume of Medicare beneficiaries compared to other medical specialties. Unfortunately, the gap between the cost of providing care to these patients and the amount Medicare reimburses physicians for that care widens each year. These economics threaten the financial solvency of medical practices and threaten patients' access to timely and high-quality care, as the number of physicians who no longer accept Medicare has doubled since 2009.

How Can Congress Help?

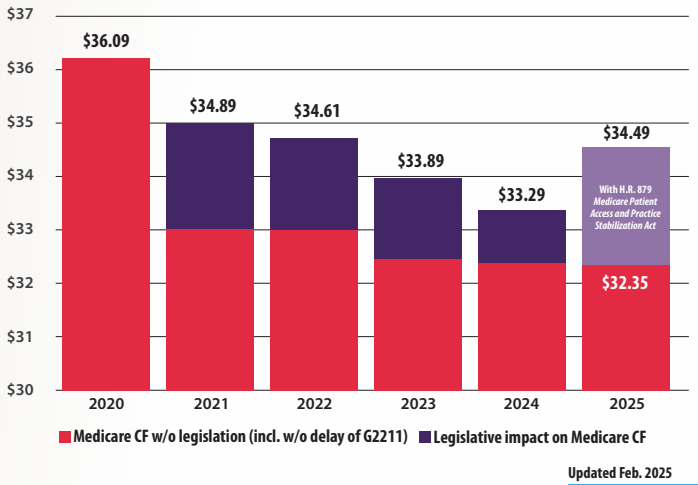
- Support the bipartisan **Medicare Patient Access and Practice Stabilization Act** (H.R. 879) to reverse the 2.83% cut made to the Medicare Physician Fee Schedule (MPFS) conversion factor on January 1, 2025, and provide an additional 2% increase to mitigate a portion of inflationary practice costs, equivalent to roughly half of the Medicare Economic Index (MEI) for 2025.
- End the budget neutrality requirement for the MPFS so physician payments can reflect the actual cost of providing patient care without artificial restraints.
- Update the MPFS annually for inflation in accordance with the MEI.

The MPFS conversion factor (CF) is the multiplier used in the Medicare payment formula to determine physician reimbursement. The 2025 CF is $32.33, representing a 2.83% decrease from the 2024 CF of $32.74. This is a 10% drop in the last five years: in 2020, the CF was $36.09. If the CY2024 CF had reflected inflation, it would have been $67.39, more than double the actual amount that physicians saw.

Five years of decline in the Medicare conversion factor (2020–2025)

Medicare conversion factor with and without temporary patches

Since 2020, the conversion factor has **fallen by over 10%**.



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We need to fix Medicare physician payment NOW.

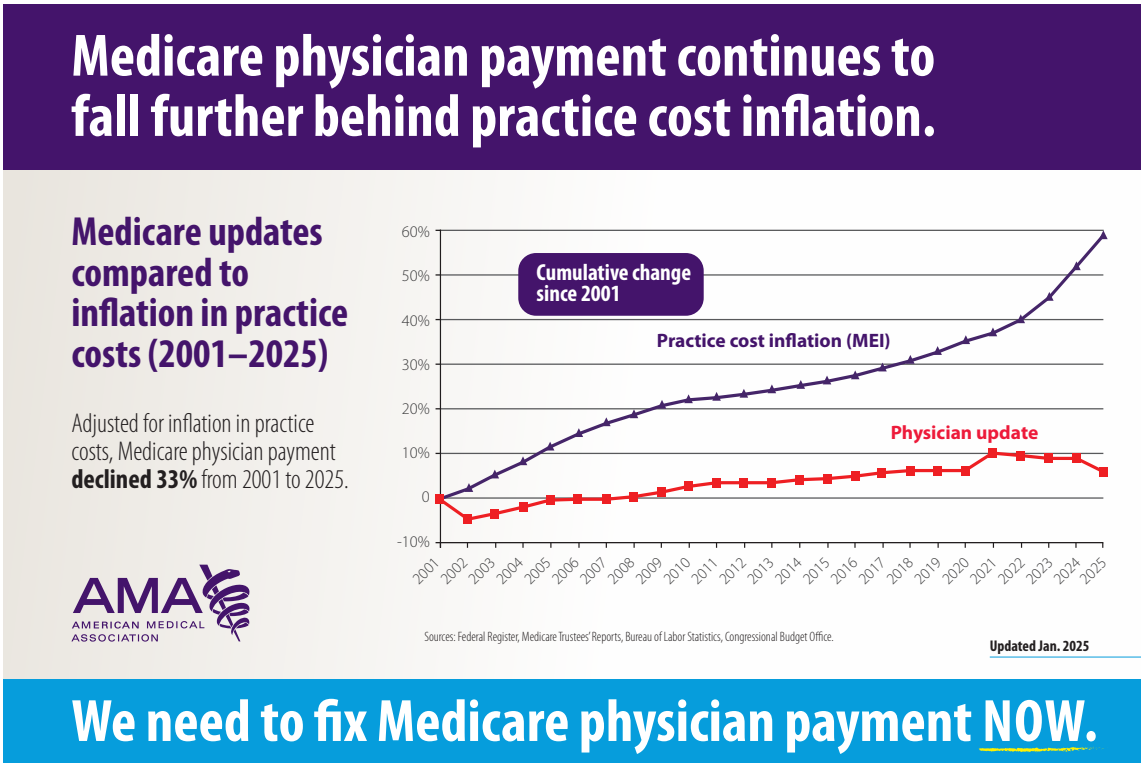
Source: https://www.ama-assn.org/system/files/medicare-conversion-factor-chart.pdf

Cuts Added to Inflation Jeopardize Patient Access

Reimbursements for physicians treating Medicare patients have been cut by 29% over the last 20 years, while in that same period the average costs to operate a medical practice have increased by 39% (when adjusted for inflation). Other Medicare providers (hospitals, etc.) have not seen this divide because the MPFS is the only Medicare fee schedule without an automatic annual inflationary update. Therefore, treating Medicare patients becomes less economically feasible each year and puts patient access in jeopardy. To preserve and expand patient access to care, **the ACR supports updating the MPFS annually for inflation**, like the other Medicare schedules, in accordance with the MEI.

For too long, physician practices have been expected to pay competitive wages to their care team and support staff and stay current on technology, while also covering rent, malpractice insurance, medical supplies, marketing, and getting adequate legal advice on five fewer dollars per services rendered from Medicare than was earned in 2001, and those dollars are worth 105% less now.

This has led to 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, with the longest wait times and the fewest options for medical care. As more practices face cutting Medicare from their payer list, Congress must revisit and eventually overturn the budget neutrality requirement for the MPFS so patients can access the care they need.



Source: https://www.ama-assn.org/practice-management/medicare-medicaid/current-medicare-payment-system-unsustainable-path-contact

The Balanced Budget Requirement Erodes Patient Access

Annual cuts to the CF are the result of a provision in the Omnibus Budget Reconciliation Act of 1989, which mandates that any increase to the MPFS exceeding $20 million (a number that has not changed with inflation)–created by upward payment adjustments or the addition of new procedures or services–must be offset. Therefore, each time a procedure code or other service is reviewed to reflect the updated (higher) value, the CF is cut to offset that increase. Since the procedure codes are reviewed more often than the in-office codes, these cuts disproportionately affect specialties like rheumatology.

The result? Physician practices are never certain what the reimbursement rate will be each year, so they squeeze more patients into 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. ■