

Congress of the United States

Washington, DC 20515

[[DATE]]

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Johnson and Minority Leader Jeffries:

The undersigned bipartisan members of Congress write to urge you to expeditiously pass legislative fixes that not only stop another damaging round of cuts to Medicare payments, but also provide greater certainty and stability for clinicians serving Medicare beneficiaries. On July 10, the U.S. Centers for Medicare & Medicaid Services (CMS) released the Calendar Year (CY) 2025 Medicare Physician Fee Schedule (MPFS) Proposed Rule that includes provisions subjecting all physicians and other clinicians treating Medicare patients to a 2.8 percent payment cut.¹ In lieu of these harmful cuts, which, absent federal legislation, will take effect on January 1, 2025, Congress must pass a bill providing physicians and other clinicians with a payment update that takes into account the cost of actually delivering care to patients.

The scheduled 2.8 percent reduction represents the fifth consecutive year that CMS issued a fee schedule regulation that lowers payments to physician and other clinicians. While Congress has stepped in the past four years to pass legislation to mitigate portions of these cuts, the fact remains that the MPFS is inherently broken. Continued payment cuts undermine the ability of independent clinical practices — especially in rural and underserved areas — to care for their community, which reduces patient access to care. The continued cuts have forced medical groups and integrated systems of care to make difficult choices, such as imposing hiring freezes, delaying system improvements, delaying implementation of care model changes including transitions to value-based care systems, and possibly eliminating services.² Because healthcare often comprises a large percentage of employment in rural areas, the closure of independent practices not only lessens patient access to care but also jeopardizes the livelihood of rural Americans.

Medicare payment rates have fallen by 29 percent over the last two decades, when adjusting for the costs of running a practice.³ In addition, compliance with the Merit-based Incentive Payment System (MIPS) is expensive and a flawed, insufficient way to measure quality and costs of care that has resulted in steep and unfair penalties.^{4 5} These payment cuts and MIPS compliance costs also come on the heels of the extremely disruptive COVID-19 public health emergency and the Change Healthcare cyberattack.

¹ <https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2025-medicare-physician-fee-schedule-proposed-rule>

² https://www.amga.org/getmedia/ee996ffa-d42e-4f8c-82ac-142875103761/2024_Medicare_Cuts_Survey_Results.pdf

³ <https://www.ama-assn.org/system/files/2024-medicare-updates-inflation-chart.pdf>

⁴ <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2779947>

⁵ <https://jamanetwork.com/journals/jama/article-abstract/2799153>

The CY 2025 MPFS Proposed Rule, however, highlights that the estimated cost of running a practice, such as expenses associated with paying rent, compensating clinical and administrative staff, and purchasing supplies and equipment, is estimated to increase substantially next year. This ever-widening gap between what Medicare pays physicians and other clinicians and the cost of delivering quality care to patients demands Congressional intervention.

Thankfully, bipartisan lawmakers have come together to propose several legislative solutions in pursuit of permanent relief from the long-term problems plaguing the Medicare payment system. We urge Congressional Leadership to move legislation to provide physicians and other clinicians with a permanent, annual inflationary update in Medicare equivalent to the Medicare Economic Index (MEI). We also request that you enact targeted reforms to statutory MPFS budget neutrality requirements, raise the current MPFS budget neutrality threshold to be reflective of 2024 dollars, require CMS to cross-check utilization assumptions associated with a narrow set of newly unbundled codes that trigger budget neutrality cuts to correct any misestimates, mandate CMS review key elements of practice expense costs concurrently and no less often than every five years, and limit changes to the MPFS conversion factor to no more than 2.5 percent in a given year. Some of these legislative solutions already passed by the Energy and Commerce Committee in 2023 with strong bipartisan support. In addition, we urge Congressional Leadership to utilize bipartisan offsets as we address all issues pertaining to Medicare payments to physicians and other clinicians.

Increased instability in the healthcare sector due to looming cost hikes impacts the ability of physicians and clinicians to provide the highest quality of care and threatens patient access to affordable healthcare. Rural physicians and other clinicians, as well as those treating underserved populations, are facing the most daunting challenge of trying to provide care in the wake of devastating reimbursement cuts. To prevent the very real scenario of insufficient access to physicians and other clinicians treating Medicare patients, Congress must stop the 2.8 percent payment cut from occurring in 2025, enact targeted reforms to statutory budget neutrality requirements, and provide physicians with a payment update reflective of inflationary pressures. We stand ready to work with you to pass crucial bipartisan legislative initiatives before the conclusion of the 118th Congress.

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