REQUEST
The Alliance of Specialty Medicine urges members of Congress to extend critical financial relief to physicians facing the looming threat of Medicare spending sequestration and conversion factor reimbursement cuts. We appreciate that Congress provided a temporary increase to mitigate reimbursement cuts resulting from a budget neutrality adjustment to the calendar year (CY) 2021 Medicare Physician Fee Schedule (MPFS) conversion factor and acted to temporarily suspend the 2% Medicare sequestration cuts through December 2021. On top of the budget neutrality reductions and the existing 2% across-the-board spending cut, however, the American Rescue Plan Act triggered additional mandatory PAYGO sequestration requirements expected in early 2022. Without congressional action, these combined policies could result in specialty physicians facing a reimbursement cut on Medicare’s payment responsibility as high as 9.75% in addition to any other budget neutrality reductions that might be proposed for the CY 2022 MPFS conversion factor. The Alliance strongly opposes these arbitrary across-the-board Medicare cuts and asks that Congress take immediate steps to prevent these reductions to the Medicare program from taking effect.

BACKGROUND
Changes to the codes for office and outpatient evaluation and management (E/M) services that the Centers for Medicare & Medicaid Services (CMS) implemented as a part of its CY 2021 MPFS final rule increased Medicare spending by approximately $10.2 billion. A statutory budget neutrality rule requiring any increases in Medicare payments to be offset by corresponding decreases resulted in an adjustment to the conversion factor of -10.2%. The Consolidated Appropriations Act, 2021 modified the MPFS final rule by providing a 3.75% increase in MPFS payments for CY 2021 to mitigate the impact of the budget neutrality cuts. This pay increase is set to expire on January 1, 2022.

In April 2021, legislation was signed into law to extend the moratorium on the 2% Medicare sequester through the end of CY 2021. Beginning on January 1, 2022, the 2% Medicare payment cut will be reinstated. In addition, the Congressional Budget Office (CBO) recently determined that the final passage of the latest COVID relief package, the American Rescue Plan Act, would trigger the statutory Pay-As-You-Go Act of 2010 (PAYGO) and mandate Medicare spending reductions of an estimated 4%, or $36 billion, next year. Therefore, in addition to the 2% sequestration cut, providers will see an additional 4% sequestration cut to Medicare reimbursement rates on January 1, 2022.

Relief from sequestration and the impact of E/M changes is critical for providers struggling financially to focus on maintaining care for their patients throughout the coronavirus pandemic instead of their bottom-line. Our provider community continues to experience severe pressures due to the drastic decreases in non-COVID-related and non-emergency care, while also incurring large expenses to ensure that they can safely accommodate patients in need of care.

The Alliance of Specialty Medicine urges Congress to intervene to prevent the reductions in Medicare physician reimbursement that will become effective on January 1, 2022 and preserve Medicare beneficiaries’ timely access to specialty care. We stand ready to work with you to extend critical financial relief to providers and to delay cuts to Medicare reimbursement during this public health emergency.