Alliance of Specialty Medicine

Sound Policy. Quality Care.

PHYSICIAN REIMBURSEMENT

Act to Address the Broken Medicare Physician Payment System

REQUEST

The Alliance of Specialty Medicine calls on Congress to **take immediate steps to stabilize Medicare physician payments in calendar year (CY) 2023 and beyond** and **explore more permanent solutions to fix the broken Medicare physician payment system.** We urge **the committees of jurisdiction to hold hearings or roundtables to begin the process of stabilizing and improving Medicare physician payment and performance programs.** We also urge Congress to work with the Centers for Medicare & Medicaid Services (CMS) to **ensure that the Quality Payment Program (QPP) offers more clinically relevant participation pathways for specialists** that result in truly meaningful improvements to patient care rather than yet another check-the-box regulatory program that rewards compliance rather than quality. A list of specific technical improvements to the QPP that the Alliance would like to see implemented are outlined **here**.

BACKGROUND

In the past two years, Congress has stepped in to mitigate steep payment cuts in CY 2021 and 2022. These cuts were expected due to the Medicare Physician Fee Schedule's (MPFS) budget neutrality requirement, which requires CMS to decrease the conversion factor when changes in the MPFS exceed a $20 million threshold. Changes in the configuration and values of the office and outpatient visit evaluation and management (E/M) codes in CY 2021 required Congress to override the budget neutrality adjustment attributed to these E/M code changes. And while Congress also acted to temporarily suspend the Medicare payment sequester required by the *Budget Control Act of 2011* through April 2022, physicians caring for Medicare beneficiaries continue to face dramatic payment reductions due to the following:

- A Medicare spending sequester (2%) that will fully resume beginning July 1, 2022;
- Mandatory reductions (4%) required by the Statutory Pay-As-You-Go Act of 2010 (PAYGO) as triggered by enactment of the *American Rescue Plan Act* and delayed by the *Protecting Medicare and American Farmers from Sequester Cuts Act*;
- Loss of the temporary physician payment increase (3%) provided for CY 2022 that will expire on December 31, 2022 which mitigated a 3.75% cut; and
- Additional budget neutrality adjustments resulting from ongoing modificatons to other E/M codes and other potential changes anticipated in the forthcoming CY 2023 MPFS proposed rule.

RATIONALE

Physician practices continue to face unprecedented financial pressures as their practices emerge from the COVID-19 pandemic. Costs associated with running a physician practice have increased considerably as the price of medical supplies, equipment, and clinical and administrative labor have risen dramatically, grossly outpacing already high inflation rates. Unlike other Medicare providers that receive annual payment updates based on an inflation proxy, such as the Consumer Price Index, MACRA sets a statutory update adjustment factor for physician payments without an inflation adjuster. The Medicare Trustees and other policy experts have raised concerns about the lack of an inflation measure in the MPFS. This downward financial pressure on physicians and their practices has forced many to sell their practices to health systems and private equity groups and enter into employment arrangements with those entities, further consolidating health care systems and increasing healthcare costs to taxpayers and beneficiaries, according to MedPAC.

Further, many specialty physicians face tremendous barriers under MACRA's QPP, including the Merit-Based Incentive Payment System (MIPS) and Advanced Alternative Payment Models (APMs). Both tracks of the QPP have been implemented in a manner that has limited meaningful participation among many specialists. For example, MIPS remains unnecessarily complex and program rules change from year to year. The program also continues to rely on siloed assessments of quality and cost rather than a more comprehensive approach to value, and MIPS policies disincentivize investments in the development and use of more meaningful specialty-specific quality measures and qualified clinical data registries (QCDRs). Additionally, APMs remain largely focused on primary care and population health and fail to provide a meaningful pathway for specialists. Given these challenges, many specialists cannot engage in MACRA's value-focused programs — as was intended by Congress — including the inability to qualify for incentives offered through the APM track of the QPP, such as higher payment updates in future years (i.e., CY 2026 and beyond).