

September 10, 2024

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

The Honorable Charles Schumer  
Majority Leader  
United States Senate  
S-221, The Capitol  
Washington, D.C. 20510

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
S-230, The Capitol  
Washington, D.C. 20510

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

Dear Speaker Johnson, Majority Leader Schumer, Minority Leader McConnell, and Minority Leader Jeffries:

On behalf of the undersigned physician and non-physician organizations, representing more than one million clinicians and the patients they serve, we are once again drawing your attention to year-over-year cuts to the flawed Medicare physician payment system. Congress must take action to fix this unsustainable system so Medicare payments to physicians and other clinicians reflect the cost of practice and ensure Medicare beneficiaries have timely access to care. **Step one is ensuring that Medicare payments to clinicians in 2025 and beyond are adjusted each year with an inflationary update.**

In July, the Centers for Medicare & Medicaid Services (CMS) released the Calendar Year (CY) 2025 Medicare Physician Fee Schedule (MPFS) proposed rule, which includes a 2.8% reduction to the MPFS conversion factor (CF). Reductions to the CF impact every single clinician providing care to Medicare beneficiaries.

At the same time, clinicians continue to face ongoing financial challenges operating their practices since the Medicare payment system has failed to keep pace with inflation. In 2025, the proposed 2.8% payment reduction will coincide with an expected 3.6% increase in medical practice cost inflation, as measured by the Medicare Economic Index (MEI). When adjusted for inflation, Medicare physician payments have declined by 29% from 2001 to 2024.<sup>1</sup> This is clearly not a sustainable trajectory.

Since 2020, Congress has mitigated but not eliminated reductions caused by the application of Medicare's budget-neutrality adjustment, which statutorily prohibits any net increase in cost to the federal government when adjustments to the MPFS exceed \$20

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<sup>1</sup> <https://www.ama-assn.org/system/files/2024-medicare-updates-inflation-chart.pdf>.

million.<sup>2</sup> Most recently, in the Consolidated Appropriations Act, 2024, Congress provided 2.93% of relief to help offset 2024's payment cut, once again mitigating but not eliminating the reduction and failing to keep up with medical inflation for 2024. Unfortunately, the additional 2.93% expires at the end of 2024, which is the main contributor to the proposed 2.8% reduction for 2025.

The MPFS is the only payment system within Medicare lacking an annual inflationary update, even though clinicians — many of whom are small business owners — contend with a wide range of shifting economic factors, such as increasing administrative burdens, staff salaries, building rent, and purchase of essential technology when determining their ability to provide care to Medicare patients.<sup>3</sup> The absence of an annual inflationary update, combined with statutory budget neutrality requirements, further compounds the difficulties our members face in managing resources to continue caring for patients in their communities.

In recognition of these systemic flaws, bipartisan legislation has been introduced in the House of Representatives to add a permanent MEI-based inflationary update to the MPFS, the Strengthening Medicare for Patients and Providers Act (H.R. 2474). Additionally, two bills currently pending before Congress — the Provider Reimbursement Stability Act (H.R. 6371) and the Physician Fee Stabilization Act (S. 4935) — have been introduced to provide statutory changes to the budget neutrality requirement to help ensure payment stability in the MPFS.

Congress must act before the end of 2024 to provide clinicians with the financial stability needed to ensure beneficiaries continue to have access to high-quality care.

Thank you for considering this request to act this year.

Sincerely,

Academy of Nutrition and Dietetics  
Academy of Orthopaedic Physical Therapy  
ADVION (formerly the National Association for the Support of Long Term Care)  
Alliance for Physical Therapy Quality and Innovation  
Alliance for Recovery Care  
Alliance of Specialty Medicine  
Alliance of Wound Care Stakeholders  
Ambulatory Surgery Center Association  
American Academy of Allergy, Asthma & Immunology  
American Academy of Audiology  
American Academy of Dermatology Association

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<sup>2</sup> <https://www.ama-assn.org/system/files/medicare-basics-budget-neutrality.pdf>.

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

American Academy of Family Physicians  
American Academy of Hospice and Palliative Medicine  
American Academy of Neurology  
American Academy of Ophthalmology  
American Academy of Oral and Maxillofacial Pathology  
American Academy of Oral and Maxillofacial Radiology  
American Academy of Otolaryngology – Head and Neck Surgery  
American Academy of Physical Medicine and Rehabilitation  
American Association of Clinical Endocrinology  
American Association of Hip & Knee Surgeons  
American Association of Neurological Surgeons  
American Association of Nurse Anesthesiology  
American Association of Oral and Maxillofacial Surgeons  
American Association of Orthopaedic Surgeons  
American Chiropractic Association  
American College of Allergy, Asthma & Immunology  
American College of Cardiology  
American College of Chest Physicians  
American College of Emergency Physicians  
American College of Gastroenterology  
American College of Mohs Surgery  
American College of Obstetricians and Gynecologists  
American College of Osteopathic Family Physicians  
American College of Osteopathic Internists  
American College of Physicians  
American College of Radiation Oncology  
American College of Radiology  
American College of Rheumatology  
American College of Surgeons  
American Gastroenterological Association  
American Health Care Association/National Center for Assisted Living  
American Medical Association  
American Medical Group Association  
American Medical Rehabilitation Providers Association  
American Nurses Association  
American Occupational Therapy Association  
American Optometric Association  
American Orthopaedic Foot & Ankle Society  
American Osteopathic Association  
American Physical Therapy Association  
American Podiatric Medical Association  
American Psychiatric Association  
American Psychological Association Services  
American Rhinologic Society

American Society for Dermatologic Surgery Association  
American Society for Gastrointestinal Endoscopy  
American Society for Radiation Oncology  
American Society for Surgery of the Hand Professional Organization  
American Society for Transplantation and Cellular Therapy  
American Society of Anesthesiologists  
American Society of Breast Surgeons  
American Society of Cataract & Refractive Surgery  
American Society of Diagnostic and Interventional Nephrology  
American Society of Echocardiography  
American Society of General Surgeons  
American Society of Hand Therapists  
American Society of Nephrology  
American Society of Neuroradiology  
American Society of Nuclear Cardiology  
American Society of Plastic Surgeons  
American Society of Retina Specialists  
American Society of Transplant Surgeons  
American Speech-Language-Hearing Association  
American Urogynecologic Society  
APTA Private Practice  
Association for Academic Pathology  
Association for Clinical Oncology  
Association of American Medical Colleges  
Association of Diabetes Care & Education Specialists  
Association of Freestanding Radiation Oncology Centers  
Association of Women in Rheumatology  
California Medical Association  
CardioVascular Coalition  
Coalition of State Rheumatology Organizations  
College of American Pathologists  
Congress of Neurological Surgeons  
Dialysis Vascular Access Coalition  
Digestive Health Physicians Association  
Emergency Department Practice Management Association  
Florida Medical Association  
Florida Society of Rheumatology  
Heart Failure Society of America  
Heart Rhythm Society  
Idaho Medical Association  
Indiana Association of Pathologists  
Infectious Diseases Society of America  
Infusion Providers Alliance  
Kentucky Medical Association

Large Urology Group Practice Association  
Louisiana State Medical Society  
Massachusetts Medical Society  
Medical Group Management Association  
Medical Society of New Jersey  
Medical Society State of New York  
Missouri State Medical Association  
National Association of Rehabilitation Providers And Agencies  
National Association of Spine Specialists  
National Infusion Center Association  
Office-Based Facility Association  
Oregon Medical Association  
Outpatient Endovascular and Interventional Society  
Pennsylvania Medical Society  
Radiology Business Management Association  
Renal Physicians Association  
Society for Cardiovascular Angiography and Interventions  
Society for Vascular Surgery  
Society of Interventional Radiology  
Society of NeuroInterventional Surgery  
Texas Medical Association  
The Society of Thoracic Surgeons  
US Oncology Network  
Washington State Medical Association