

**MONDAY MORNING GROUP OF WESTERN RIVERSIDE COUNTY
ANNUAL ADVOCACY TRIP – WASHINGTON, DC
April 9 – 11, 2024**

ACCESS TO CARE

ISSUE: California is currently facing a shortage of physicians. Specifically, Inland Southern California has among the most severe physician shortages in the country. The demand for physicians will continue to rise due to a growing population, aging population, and a wave of soon-to-retire doctors. Consequently, the shortage is being exacerbated by Medicare cuts that are reducing patient access to physicians.

ACTION: The Monday Morning Group urges Congress and the Administration to take action in developing long-term solutions for the systematic problems with the Medicare physician payment system and preserve patient access to care. Specifically:

- Congress should establish a permanent and annual inflationary Medicare physician payment update that keeps pace with the cost of medicine practice and encourages practice innovation.
- Budget neutrality policies need to be revised to:
 - Prevent erroneous utilization estimates from causing inappropriate cuts;
 - Clarify the types of services that should and should not be subject to budget neutrality adjustments;
 - Raise the projected expenditure threshold that triggers the budget neutrality adjustment, which has been in place since 1992.
- Policymakers should work with the physician community and other stakeholders to develop ways to reduce the administrative and financial burden of Medicare’s Merit-based Incentive Payment System (MIPS) participation and revise reporting programs to ensure its clinical relevance to patient care. The performance and reporting programs in MIPS are based on outdated legacy programs and its four components largely function independently and are non-cohesive. Thus, the programs are burdensome and often lack clinical relevance.

BACKGROUND: There is growing concern about financial instability of the Medicare physician payment system due to a confluence of fiscal uncertainties physician practices face related to the ongoing pandemic, statutory payment cuts, lack of inflationary updates, and significant administrative barriers. The payment system remains on an unsustainable path threatening beneficiaries’ access to physicians.

According to an AMA analysis of Medicare Trustees data, Medicare physician payment has been reduced 26% adjusted for inflation from 2001–2023. The Medicare physician payment system lacks an adequate annual physician payment update, unlike those that apply to other Medicare provider payments. A continuing statutory freeze in annual Medicare physician payments is scheduled to last until 2026, when updates resume at a rate of 0.25% per year indefinitely, well below inflation rates.

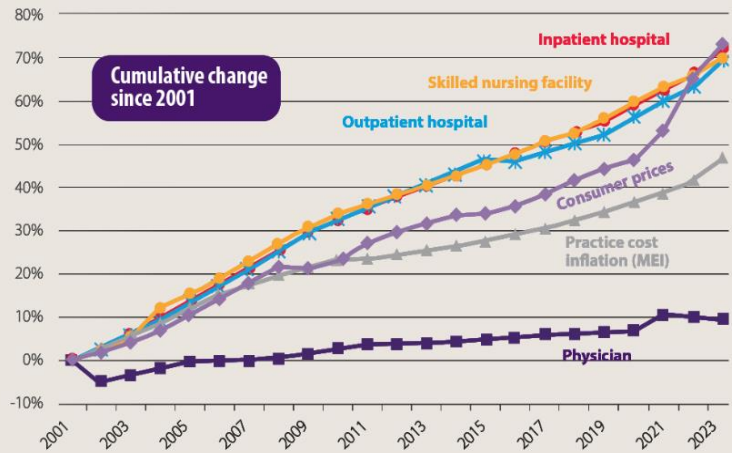
Findings of a JAMA Health Forum study conducted in May 2021, indicate that it costs approximately \$12,811 and more than 200 hours per physician per year to comply with the MIPS system and, to date, there have been very limited options for physicians to move towards value-based Medicare Advanced Alternative Payment Models (APM). The discrepancy between what it costs to run a physician practice and actual payment combined with the administrative and financial burden of participating in Medicare is incentivizing market consolidation and driving physicians out of rural and underserved areas.

In addition to being asked to do more with fewer resources each year, physicians continue to face significant clinical and financial disruptions during the COVID-19 pandemic. In 2020, according to an AMA study, there was a \$13.9 billion decrease (equating to a 14% reduction) in Medicare physician fee schedule spending as patients delayed treatments. Studies suggest that one in five physicians are considering leaving their current practice within two years due to various leading factors such as burnout, stress, workload.

Medicare physician payment is NOT keeping up with inflation.

Medicare updates compared to inflation (2001–2023)

Adjusted for inflation in practice costs, Medicare physician pay declined 26% from 2001 to 2023.



Sources: Federal Register, Medicare Trustees' Reports, Bureau of Labor Statistics, Congressional Budget Office.