

**MONDAY MORNING GROUP OF WESTERN RIVERSIDE COUNTY
ANNUAL ADVOCACY TRIP – WASHINGTON, DC
APRIL 7 – 10, 2025**

ACCESS TO CARE AND HEALTHCARE FUNDING

ISSUE: California, particularly Inland Southern California and Riverside County, is facing a severe shortage of physicians. This shortage is exacerbated by a growing, and increasingly older, population and a wave of soon-to-retire doctors.

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, the Monday Morning Group requests:

- Support and passage of HR 879 as part of the Continuing Resolution package to reverse the 2.8% Medicare payment cut, implement a 2% payment update, and stabilize physician practices;
- Protection for Medicaid/Medi-Cal funding and prevent proposed cuts that would disproportionately impact Riverside County, acknowledge local voter support for healthcare funding through California Proposition 35, and maintain access to healthcare for 50% of county residents dependent on Medi-Cal; Support for healthcare infrastructure, including increasing Graduate Medical Education (GME) funding for residency positions, creating incentives for physicians to practice in underserved areas, providing federal grants for medical practice startup costs, and supporting technology infrastructure development;
- Establish a permanent and annual inflationary Medicare physician payment update that keeps pace with the cost of medicine practice and encourages practice innovation;
Revise budget neutrality policies 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, and raise the projected expenditure threshold that triggers the budget neutrality adjustment, which has been in place since 1992; and
- 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.

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 American Medical Association (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 Journal of the American Medical Association 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

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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, and workload.

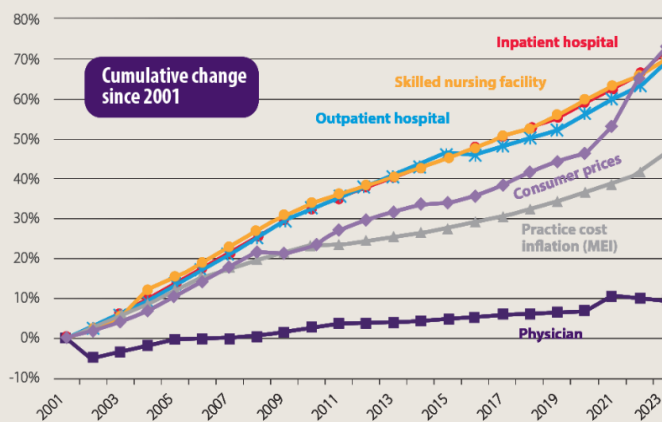
The crisis in Riverside County is characterized by:

- A critical shortage of primary care physicians, with only 35 primary care physicians per 100,000 residents, far below the recommended 75-80 per 100,000.
- A disproportionately high Medi-Cal population (50% of residents) compared to California's state average of 30%.
- 42% of Emergency Medical Services (EMS) calls coming from Medi-Cal patients, indicating a severe lack of primary care access.
- Five consecutive years of Medicare payment cuts to physicians.
- A growing gap between operational costs and reimbursement, exacerbated by the new \$25 minimum wage requirement for healthcare workers.
- Extended wait times of 3-4 months for new patient appointments.
- Widespread closure of physician panels to new Medicare patients.
- Proposed Medicaid cuts threatening to destabilize an already fragile healthcare infrastructure.

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.