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CEO, EXECUTIVE VICE PRESIDENT

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March 4, 2022

The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
Hubert H. Humphrey Building, Room 445-G
200 Independence Avenue, SW
Washington, DC 20201

Re: Calendar Year (CY) 2023 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (the Advance Notice)

Dear Administrator Brooks-LaSure:

On behalf of the medical student and physician members of the American Medical Association (AMA), I appreciate the opportunity to comment on the Centers for Medicare & Medicaid Services (CMS) Calendar Year (CY) 2023 Advance Notice of Methodological Changes for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies (Advanced Notice) (docket number CMS-2022-0021) issued on February 2, 2022.

The AMA finds it difficult to reconcile that the Advance Notice indicates that MA rates are scheduled to increase by nearly eight percent in 2023, while in sharp contrast, current law will hold Medicare physician payment schedule services frozen for 2023. **The AMA strongly urges CMS to work with Congress to ensure that Medicare provides sustainable funding to physician practices serving patients in the regular Medicare program just as it finances private insurance plans in the Medicare Advantage market. Specifically, we are urging Congress to provide reliable annual payment updates to physicians that account for increases in medical practice costs to preserve the viability of practices and encourage innovation so that physicians can continue to provide quality care to our nation's seniors and those with disabilities.**

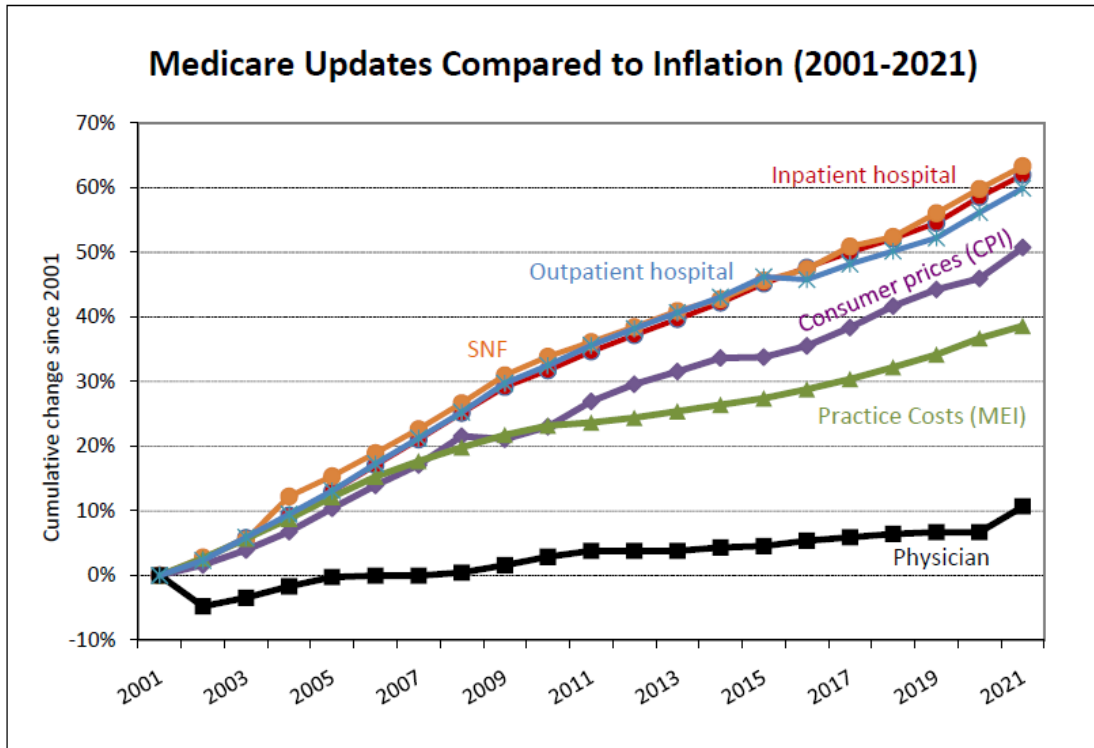
Prior to Congress passing the *Protecting Medicare & American Farmers from Sequester Cuts Act* in December 2021, physicians were facing Medicare payment cuts totaling 9.75 percent beginning January 2022. While the AMA deeply appreciates the Congressional action to prevent most of the Medicare cuts for 2022, this reprieve is temporary and still leaves Medicare physician payment rate updates far below increases in the Medicare Economic Index (MEI), which measures annual increases in physician practice costs.

Medicare physician payment has not kept pace with inflation. According to data from the Medicare Trustees Report,¹ Medicare physician pay has increased by just 11 percent over the last two decades, or 0.5 percent per year on average. Adjusted for inflation in practice costs, Medicare physician pay declined 20 percent from 2001 to 2021, or by 1.1 percent per year on average. Additionally, Medicare physician payment schedule spending per enrollee decreased 1.0 percent over the last decade, from \$2,032 in 2010

¹ <https://www.cms.gov/files/document/2020-medicare-trustees-report.pdf>.

to \$2,012 in 2020 for an average annual change of -0.1 percent. **Compounding these alarming numbers, Medicare spending decreased between 2019 and 2020 for many types of services due to the COVID-19 pandemic, leading to a 9.7 percent decline in physician payment schedule spending per enrollee.**

As illustrated in the chart below, the Medicare physician payment system is lacking an adequate annual physician payment update similar to other Medicare providers.

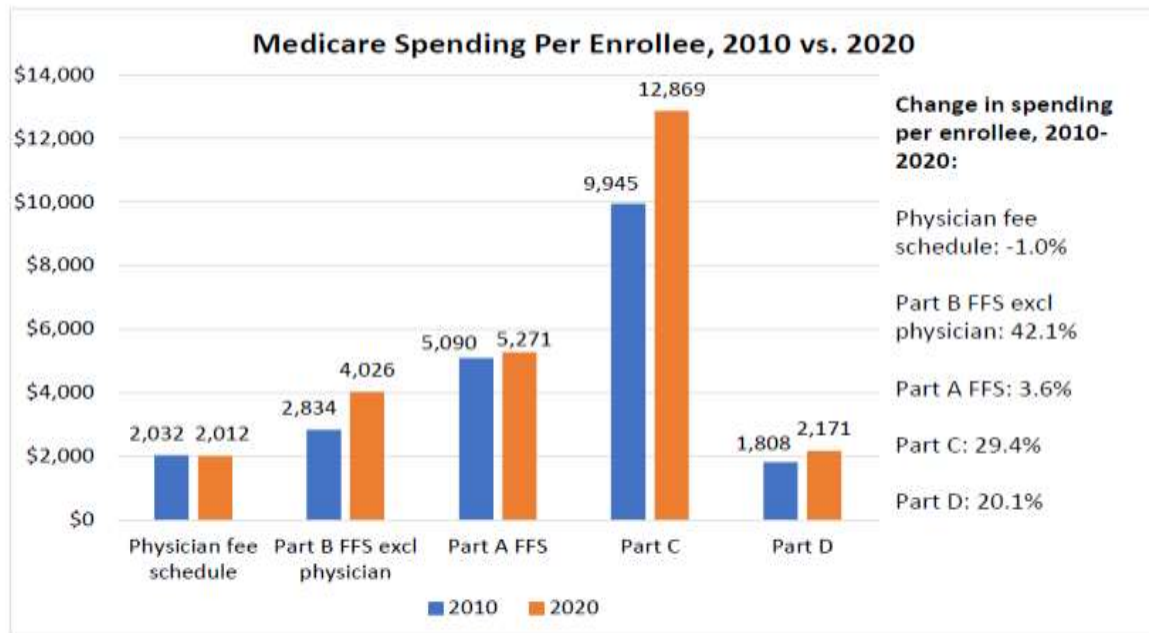


Sources: Federal Register, Medicare Trustees' Reports and U.S. Bureau of Labor Statistics

Medicare spending is projected to grow faster for MA enrollees than traditional Medicare beneficiaries. According to data from the Medicare Trustees Report, Medicare spent \$321 more per person for MA enrollees than it would have spent for the same beneficiaries had they been covered under traditional Medicare in 2019. Between 2021 and 2029, federal spending on payments to MA plans is projected to increase by \$316 billion, from \$348 billion to \$664 billion and spending per person in MA is projected to grow 5.3 percent a year on average between 2021 and 2029.² In addition, Part C spending per enrollee increased by 29.4 percent since 2010 keeping in mind that 97 percent of Part C enrollees are in MA plans. By contrast, Medicare spending per enrollee has been falling for physician payment schedule services.

No policy or rationale exists to support the disparate treatment of payment updates to MA plans in comparison to physician services for patients in the regular Medicare program. Furthermore, a continuing statutory freeze in annual Medicare physician payments is scheduled to last until 2026, when updates

² <https://www.cms.gov/files/document/2020-medicare-trustees-report.pdf#page=161>.



Source: 2020 and 2021 Medicare Trustees' reports. Note: Part C figures consist of Part A and B spending for Medicare private health plan enrollees.

resume at a rate of only 0.25 percent a year indefinitely, well below the rate of medical or consumer price index inflation. Current government data on key elements of the Medicare Economic Index make it clear that, without an inflation-based update, the gap between frozen physician payment rates and rising inflation in medical practice costs will widen considerably. 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 percent reduction) in Medicare physician payment schedule spending as patients delayed treatments. Burnout, stress, workload, and fear of COVID-19 infection are leading one in five physicians to [consider](#) leaving their current practice within two years. The AMA has strongly supported comprehensive health care reform, as well as related initiatives to transform the physician payment system, so that it results in the delivery of quality care to patients. The AMA has also been supportive of initiatives that promote the adoption of health information technology and quality improvement. **However, these initiatives are not sustainable without a stable, reliable, and predictable physician payment system that provides positive payment updates to physicians that accurately reflect increases in physicians' practice costs.**

We appreciate the opportunity to provide these comments and look forward to working with CMS to help achieve a health care system that enables physicians to deliver quality care to patients. If you have any questions regarding this letter, please contact Margaret Garikes, Vice President of Federal Affairs, at margaret.garikes@ama-assn.org or 202-789-7409.

Sincerely,

James L. Madara, MD