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Updates on Medicare Payment Cuts

As we transition back to life post-Covid, medical group practices continue to be confronted with impending cuts to Medicare reimbursement. This trend was initially spurred by the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), which aimed to make physician payment rates more stable in the Medicare fee-for-service (FFS) system and encourage participation in value-based payment models.

Between the disruption of Covid and difficulties enacting payment cuts, Congress has repeatedly needed to jump in at the last second to offer some kind of reprieve from the burden the proposed cuts would impose on practices. In late 2021, for example, Congress walked back the cuts by appropriating funds to increase payments by 3% and eliminating the pay-as-you-go (PAYGO) sequester for 2022. See our white paper from December 2021 for more details on that.

Unfortunately, those measures were only temporary, and practices are confronted again with impending cuts set to go into effect January 1st, 2023. As it stands, the following measures will be enacted if nothing changes:

- A negative 3% budget neutrality adjustment
- A negative 4% PAYGO sequester
- The reintroduction of the negative 2% Medicare sequester

Even without these measures in place, the implementation of MACRA and its reporting requirements have proven burdensome and expensive. Advocates such as the Medical Group Management Association (MGMA) are soliciting feedback via questionnaire to help in the efforts to resist these measures and promote policies that will yield better outcomes for both providers and patients. The primary short-term goals for MGMA are:

- To extend the Congressionally-enacted 3% increase to the Medicare Physician Fee Schedule (MPFS) conversion factor.
- Waive the 4% PAYGO sequester resulting from legislation unrelated to Medicare (American Rescue Plan in 2021).
- Maintain the Merit-based Incentive Payment System (MIPS) $500 million annual pool for exceptional performance.
- Replace anticipated cuts with positive, inflation-based adjustments updated for at least the next two years, while innovative models are developed.
- Pass legislation supporting value-based care that would: Extend the expiring 5% bonus for participating in an Advanced APM; and extend the lower thresholds required for Advanced APM participation to 50% instead of the 75% level.

Long-term, advocates like MGMA and other professional organizations would like to see a more effective approach that doesn't rely on continual intervention by Congress at the last minute to correct issues that they are largely responsible for. Ideally, more effective policy will enhance financial stability, promote value-based care, and ensure access to high-quality care for patients.

It is unclear if the 7-10% anticipated cuts to Medicare physician payments will actually take place beginning next year, or if there will be more adjustments at the eleventh hour. Regardless, APS will continue to monitor and report on these ongoing developments. If you have any questions or concerns, please contact your Practice Manager.

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