



NDMA 2023 Policy Forum October 6, 2023

Policy No. 5

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Subject: Medicare Payment Reform

Summary:

Medicare physician payment effectively declined 26% from 2001 to 2023, even before additional inflation and the proposed CMS cuts are accounted for. Congress needs to turn its attention to fixing Medicare so we can preserve access for patients.

Relevant Information:

- The Centers for Medicare & Medicaid Services (CMS) proposal of a 3.36% cut in pay under the proposed 2024 Medicare physician payment schedule is a critical reminder that patients and physicians desperately need Congress to develop a permanent solution that addresses the financial instability and threatens access to care.
- The pay schedule estimates the Medicare Economic Index (MEI)—the government’s measure of inflation in medical practice costs—will hit 4.5%, which comes on top of 2023’s 3.8% rise.
- In the face of these growing costs of running a medical practice, physicians have faced the COVID pandemic and increased inflation. Not only have Medicare payments failed to respond, but physicians saw a 2% payment reduction for 2023, creating an additional challenge at a perilous moment.
- These increasingly thin or negative operating margins disproportionately affect small, independent, and rural physician practices, as well as those treating low-income or other historically minoritized or marginalized patient communities.

Principles of Medicare Reform:

- **Ensuring financial stability and predictability** through a baseline positive annual update reflecting inflation in practice costs, and by eliminating, replacing, or revising budget neutrality requirements to allow for appropriate changes in spending growth.
- **Promoting a value-based care system** by rewarding the value of care provided to patients, instead of administrative activities that burden physicians, which may not be relevant to the service being provided or the patient receiving care.
- **Safeguarding access to high-quality care** by advancing health equity and reducing disparities by innovating risk-adjusted payment models that recognize physicians' contributions to reducing health disparities as well as addressing social drivers of care and tackling health inequities of historically marginalized, high-risk, hard-to-reach patient populations.

Proposed Action:

NDMA should advocate strongly with our congressional delegation to work with other members of congress to reach a solution to physician reimbursement in Medicare.

Adopted November 28, 2023

Erica Hofland, MD

Policy Forum Chair