

Ensuring Stable and Fair Medicare Physician Payment

The annual threat of cuts to Medicare physician payments continues to destabilize the health care safety net that has still not fully recovered from the COVID-19 pandemic. Without congressional action, emergency physicians will see major cuts to Medicare payments at the end of the year—cuts that will ultimately endanger access to the lifesaving care that patients need and deserve. **Above all, rather than an a yearly scramble to address steep payment cuts, emergency physicians welcome the opportunity to work with Congress to identify policy solutions that will provide long-term stability for Medicare beneficiaries and their physicians. Without congressional action, emergency physicians will receive a 9 percent cut on January 1, 2023.**

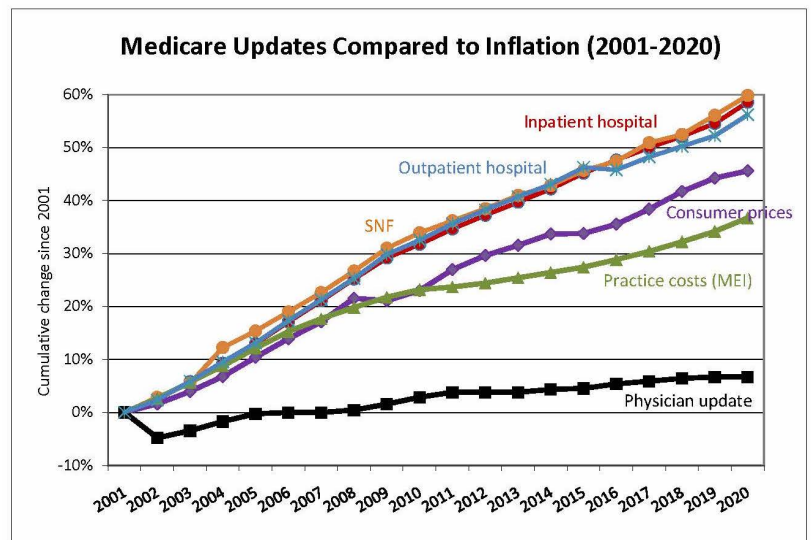
Physician Fee Schedule (PFS) & “Budget Neutrality”. The Centers for Medicare and Medicaid Services (CMS) 2021 Physician Fee Schedule (PFS) finalized a cumulative 6% cut to emergency medicine reimbursement. This stemmed from CMS’ decision to significantly increase the values of office and outpatient evaluation and management codes (E/M) codes and create a new add-on code for complexity. Existing “budget neutrality” requirements under the PFS forces CMS to make a broad corresponding cut to physician payments to counterbalance any increases, typically by adjusting the “conversion factor.” In this case, the significant increases in the office and outpatient E/M codes and the new add-on code led CMS to initiate a major cut to every Medicare physician. Congress took action before the full cut took effect in 2021 and has slowly chipped away at the cut over the last two years. However, each time Congress has acted, it has only instituted one year-fixes, kicking the can down the road. Most recently, Congress provided 3% back to the PFS in 2022. The one-year subsidy sunsets at the end of this year, and without additional Congressional action, the 3 percent cut to the PFS will return in 2023.

PAYGO Sequestration Cuts. The statutory Pay-As-You-Go (PAYGO) budget control requirements triggered by the cost of the *American Rescue Plan Act* passed in March 2021 would reduce Medicare payments an *additional* 4%. We appreciate Congress delaying these cuts through 2022, but emergency physicians once again face the threat of this substantial reduction beginning in 2023.

Medicare Sequestration Cuts. Since 2013, Medicare has been subject to automatic annual “sequestration” cuts of 2%, a budget enforcement mechanism established by the *Budget Control Act of 2011*. Throughout most of the pandemic, Congress implemented a temporary reprieve from these cuts and extended this moratorium through the end of 2021. However, this cut began phasing back in on April 1, 2022, and without congressional action emergency physicians will once again face the full brunt of an automatic annual 2% cut through at least 2031.

Even beyond sequestration and PFS budget neutrality, Medicare payments have failed to keep pace with inflation due to anti-inflationary policies and federal budget constraints. These cuts will only widen the gap between the fair market value of physician services and Medicare payment rates, increasing the risk of emergency department closures or significant impacts on the quality of care that emergency departments are able to offer to their communities.

ACEP urges lawmakers to protect patient access to lifesaving emergency care and to take action before the end of the year to prevent significant cuts to Medicare payments due to sequestration and Medicare’s “budget neutrality” requirements. Additionally, we welcome the opportunity to work with the House and Senate to identify policy solutions to provide long-term stability for Medicare beneficiaries and the emergency physicians that care for them.



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