EDPMA

Medicare Physician Fee Schedule

Strengthening Medicare for Patients and Providers Act (H.R. 2474)

Address CY 2024 Medicare Physician Fee Schedule Cuts

Driven by the lack of an inflationary update and an outdated requirement for budget neutrality, emergency medicine will experience a 3.4% Medicare cut in 2024, even as we continue to provide safety net care in the face of significant workforce shortages. **To avoid disruptions in care, the Emergency Department Practice Management Association (EDPMA) urges Congress to reform the Medicare Physician Fee Schedule by (1) fully offsetting the 3.4% reduction planned for 2024, (2) providing an annual inflationary update, and (3) modernizing the budget neutrality requirement.**

Request

To avoid disruptions in emergency care, EDPMA requests that Congress:

- Fully avert the 3.4% reduction to the Medicare Physician Fee Schedule
- Cosponsor the bipartisan *Strengthening Medicare for Patients and Providers Act (H.R.2474)*, which would provide an annual inflationary update to the Fee Schedule based on the Medicare Economic Index
- Update the threshold at which budget neutrality is triggered and provide a periodic inflationary update to that increased threshold.

EDPMA

Medicare Physician Fee Schedule

Strengthening Medicare for Patients and Providers Act (H.R. 2474)

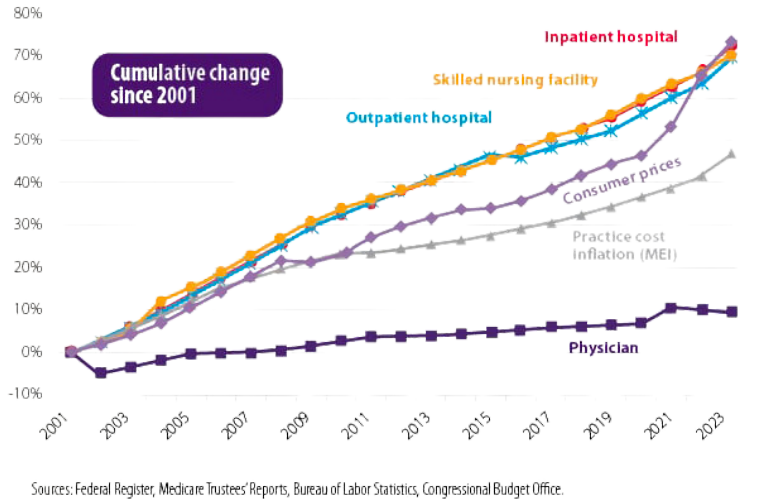
Background

Medicare's reimbursement system for physicians lacks a mechanism to reflect annual inflation.
Unlike all of Medicare's other major payment systems, the Medicare Physician Fee Schedule (MPFS) lacks a mechanism to reflect annual inflation. This has resulted in physician reimbursement falling behind inflation metrics, and behind the reimbursement of all other providers:

Medicare updates compared to inflation (2001–2023)

Adjusted for inflation in practice costs, Medicare physician pay declined 26% from 2001 to 2023.

AMA AMERICAN MEDICAL ASSOCIATION



Sources: Federal Register, Medicare Trustees' Reports, Bureau of Labor Statistics, Congressional Budget Office.

Updated April 2023

The bipartisan *Strengthening Medicare for Patients and Providers Act (H.R.2474)* would address this issue by providing an annual inflationary update to the Medicare Physician Fee Schedule based on the Medicare Economic Index. This legislation is led by Representatives Raul Ruiz (D-CA-25), Larry Bucshon (R-IN-8), Ami Bera (D-CA-6), and Mariannette Miller-Meeks (R-IA-1).

The Physician Fee Schedule's statutory requirement for budget neutrality has not been updated since it was first established in 1992.
The MPFS is subject to a statutory requirement for budget neutrality, which mandates reductions in spending to offset increases over a certain threshold. That threshold – set by statute at $20 million – has not been updated since it was first established in the early 1990s. Over the years, certain policy decisions by the Centers for Medicare and Medicaid Services (CMS) have added to reimbursement instability by triggering budget neutrality. For example, CMS' creation and implementation of a single add-on code (G2211) accounts for approximately 2% of the 2024 conversion factor reduction of 3.4%. Congress previously delayed implementation of G2211 precisely because it would cause across-the-board reimbursement reductions, but that existing congressional moratorium will expire at the end of this year. To avoid across-the-board reductions in the future, we urge Congress to modernize the threshold at which budget neutrality is triggered.

Contact

Cathey Wise 703-506-3282 edpma.org
cathey.wise@edpma.org

Background (cont.)

Emergency clinicians are proud of our critical contributions to the nation's safety net, but those contributions leave us uniquely affected by reimbursement reductions.

Although Medicare reimbursement issues affect all providers in the program, emergency medicine is in a unique situation due to the Emergency Medical Treatment and Labor Act (EMTALA), which mandates emergency departments to provide care to everyone, no matter a patient's insurance status or ability to pay. The guarantee that every emergency patient be seen is a critical feature of our nation's safety net and emergency care system. However, EMTALA also creates an unfunded care mandate, which necessarily contemplates shared stewardship requiring a balance of higher and lower payments. Almost 37% of all emergency department visits provide care for Medicaid and CHIP enrollees, and at least 8% of all ED visits are provided to uninsured patients.[1] A study also showed that patients with Medicaid had the highest ED visit rate relative to patients with other types of insurance coverage: 97 visits per 100 persons.[2] The rise of high-deductible plans has further increased pressure on the shared stewardship model, because these plans functionally create self-pay patients, as the patient may have to shoulder 100% of the bill for a necessary emergency visit. Patients may only be able to meet a fraction of that responsibility, which leaves the emergency department to absorb the remainder. The frequent delivery of underpaid and non-reimbursed services makes the reimbursement rates of other payers, including Medicare, absolutely critical to the emergency medicine community.

Reimbursement reductions are especially ill-timed as the emergency medicine workforce struggles with significant shortages.

Reimbursement cuts will always have a destabilizing effect on the equilibrium supporting our country's emergency care safety net, but current workforce challenges make this an especially precarious time for emergency medicine to absorb additional reductions. The safety net envisioned by the federal law EMTALA cannot continue to exist without the resources that ensure adequate staffing levels of emergency personnel.

About EDPMA

EDPMA is the nation's only professional trade association focused on the delivery of high-quality, cost-effective care in the emergency department. EDPMA's membership includes emergency medicine physician groups of all sizes, billing, coding, and other professional support organizations that assist healthcare clinicians in our nation's emergency departments. Together, EDPMA members see or support 60% of all annual emergency department visits in the country. For more info, please visit EDPMA.org.

[1] National Center for Health Statistics, National Hospital Ambulatory Medical Care Survey: 2020 Emergency Department Summary Tables, p. 8, https://www.cdc.gov/nchs/data/nhamcs/web_tables/2020-nhamcs-ed-web-tables-508.pdf (accessed March 29, 2023).

[2] Christopher Cairns, M.P.H., Jill J. Ashman, Ph.D., and Kai Kang, M.P.H., National Center for Health Statistics Data Brief No. 401, March 2021, Emergency Department Visit Rates by Selected Characteristics: United States, 2018, https://www.cdc.gov/nchs/products/databriefs/db401.htm (accessed March 29, 2023).

Contact

Cathey Wise 703-506-3282 edpma.org

cathey.wise@edpma.org