

2021 Issue Brief

Medicare Reimbursement Cuts

Issue

AMGA member medical groups and integrated delivery systems have remained at the front lines of delivering high-quality care to patients, even during the volatile COVID-19 pandemic. Their providers had to retool the way care is safely delivered in this country, all while maintaining a safe and healthy workplace. As communities begin to shut down once again due to the spread of COVID-19 variants, medical groups and integrated delivery systems are once again faced with a workforce that is stretched beyond any reasonable limits, as well as serious financial consequences as elective procedures are postponed and additional funds are needed to care for a significant influx of COVID-19 patients.

As medical groups and integrated delivery systems once again adjust to the changing COVID-19 landscape, recent Congressional spending bills signed into law have triggered certain policies that put Medicare patients and providers at risk at the worst possible time. Providers are currently facing the potential of up to a 10% cut to Medicare reimbursement at the end of the year, barring Congressional action. These cuts stem from the following:

Medicare PAYGO Cuts

The *American Rescue Plan Act of 2021*, signed into law by President Biden in March, increased spending without offsets to other federal programs. Under statutory Pay-As-You-Go (PAYGO) rules, any increases to the federal deficit automatically triggers an additional series of across-the-board deductions to federal programs. Absent of Congressional action, PAYGO would include up to 4% in reductions to Medicare payment, set to occur on January 1, 2022. According to the Congressional Budget Office (CBO), this 4% cut amounts to \$36 billion for Medicare providers, which could have a substantial impact on the delivery of care to our patient community. These Medicare cuts could increase by an additional potential 4% if Congress fails to waive PAYGO on any additional spending packages passed this year.

Medicare Sequester Delay Extension

At the onset of the COVID-19 pandemic, Congress delayed the automatic 2% Medicare sequestration cuts as providers were struggling to keep their doors open to their communities. Various delays were enacted during this public health emergency, with the last pause setting to expire on January 1, 2022. If Congress does not extend the moratorium on the sequester cut prior to 2022, Medicare reimbursements would be cut

an additional 2%.

Changes to the Medicare Conversion Factor

Last year, due to a temporary patch approved by Congress, the Centers for Medicare & Medicaid Services (CMS) increased all providers' payments by 3.75% to offset a change in the Medicare conversion factor that CMS implemented as part of a change to Evaluation and Management (E/M) codes designed to increase support for primary care services. In the 2022 CMS Physician Fee Schedule proposed rule, CMS is reducing the Medicare conversion factor by 3.75% due to these E/M policy changes. Congressional action is needed in order to address this issue.

These reductions could affect community outreach and potentially reverse population health and health equity efforts. Congress must ensure that medical groups and integrated delivery systems will continue to have the necessary financial support as the pandemic continues to impact healthcare practices.

AMGA asks Congress to:

- **Clear the PAYGO “scorecard” resulting from passage of the *American Rescue Plan* and ensure no further PAYGO cuts occur this year.**
- **Pass legislation that suspends Medicare sequestration cuts in 2022.**
- **Pass legislation providing a 3.75% increase to Medicare reimbursements to make up for the cuts in the CMS Physician Fee Schedule Rule.**