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June 2, 2025

The Honorable John Thune
Majority Leader U.S. Senate
Washington, DC 20515

Dear Sen. Thune:

On behalf of AMGA and our members, I am writing to express our deep concerns regarding H.R. 1, the One Big Beautiful Bill Act, recently passed by the House of Representatives. This legislation proposes significant cuts to Medicaid, which, if enacted, will have a profound impact on the health and well-being of millions of Americans and the sustainability of our healthcare system. Additionally, H.R. 1 triggers almost \$500 billion in automatic payment reductions to the Medicare program, which, when coupled with the proposed Medicaid cuts, will result in significantly reduced access to care for millions of Americans.

Founded in 1950, AMGA is a trade association leading the transformation of healthcare in America. Representing multispecialty medical groups and integrated systems of care, we advocate, educate, innovate, and empower our members to deliver the next level of high-performance health. AMGA is the national voice promoting awareness of our members' recognized excellence in the delivery of coordinated, high-quality, high-value care. More than 177,000 physicians practice in our member organizations, delivering care to more than one in three Americans. Our members are also leaders in value-based care delivery, focusing on improving patient outcomes while driving down overall healthcare costs.

AMGA members have expressed concerns about provisions in H.R. 1, which would reduce federal Medicaid funding by approximately \$698 billion over the next decade. Such drastic cuts threaten to strip healthcare coverage from millions, particularly low-income families, children, seniors, and individuals with disabilities. The Congressional Budget Office (CBO) estimates the bill would reduce Medicaid enrollment by at least 8.6 million by 2034¹.

AMGA recently conducted a survey on the actions medical groups and health systems would take if the proposed cuts to Medicaid went into effect. The survey shows that the cuts will result in the elimination of patient services for Medicaid patients, significant layoffs of clinical and administrative staff, and closures or restructuring of medical clinics and other care facilities. These closures will be particularly acute in rural areas.

¹ Congressional Budget Office, "Estimated Budgetary Effects of a Bill to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, the One Big Beautiful Bill Act," May 20, 2025.

Specifically, 85% of respondents stated they would be forced to eliminate patient services for Medicaid patients², including:

- 51% will eliminate or limit access to pediatric services for Medicaid patients
- 47% will eliminate or limit access to maternity services, including obstetric services
- 41% will eliminate or curtail behavioral health services

The cuts will have broad ramifications for local communities, and the effects will not be restricted to Medicaid patients. Seventy-two percent of AMGA members report they expect to lay off or furlough employees—including nurses, medical assistants, and physicians—resulting in extended wait times for all appointments as medical groups and systems are forced to downsize their clinical and administrative staff. Additionally, these cuts will have a significant impact on already over-stressed emergency rooms (ERs) as all patients are forced to access their care at the ER because of coverage loss or their inability to see a provider in a timely fashion.

Rural communities are likely to face significant access challenges as well. AMGA's survey on the effect of possible Medicaid cuts found the following:

- 51% of survey respondents indicated clinics and ambulatory care centers in rural areas are the facilities most likely to close
- About 48% of rural hospitals or clinics anticipate closure or restructuring
- 25% of medical groups and health systems reported they would eliminate their telehealth programs

It is clear that the size of these cuts will have serious consequences not just for patients covered by Medicaid but for local communities as they adjust to provider layoffs, overcrowded ERs, and extended wait times for physician appointments. The impact on rural communities, which also face facility closures, could be the most severe.

The legislation also has serious ramifications for the Medicare program. The CBO announced on May 20 that, if enacted, H.R. 1 would increase the national debt by \$2.3 trillion over the next 10 years, triggering close to \$490 billion in Medicare cuts, beginning in 2026, due to sequestration.³ Put simply, AMGA members are unable to absorb almost \$500 billion in cuts to Medicare. We believe Congress must act now to address the long-term sustainability of the program.

AMGA appreciates that H.R. 1 addresses Medicare's physician reimbursement structure by including an update based on the Medicare Economic Index (MEI). AMGA strongly supports the concept of linking the annual conversion factor adjustment to the MEI and appreciates that H.R. 1 includes such an update. However, the legislation updates the conversion factor by 75% of the projected increase in the MEI in 2026 and by 10% of the projected increase in the MEI in all subsequent years. Reducing the annual Part B update to 10% of the MEI neither provides long-term financial sustainability for Part B providers nor addresses the nearly 11% in cumulative payment reductions over the past five years. We urge Congress to ensure that physician fee schedule updates are tied to a structured and predictable portion of MEI growth so Medicare

² AMGA Medicaid Cuts Survey, 2025. Available at https://www.amga.org/getmedia/3dc8569a-b9ba-4280-8657-1dc84d3cfafc/medicaid-cuts-survey_2025.pdf

³ [Congressional Budget Office letter to Rep. Brendan F. Boyle; May 20, 2025](#)

reimbursement can keep pace with economic realities.

Ensuring access to healthcare for all Americans is fundamental to our nation's well-being. AMGA and our members are committed to collaborating with Senate leadership to develop policies that support both patients and providers. We appreciate the Senate's attention to these pressing healthcare issues and look forward to working together to advance solutions that benefit all Americans.

Sincerely,

A handwritten signature in cursive script, reading "Jerry Penso". The signature is written in a dark ink and is positioned below the word "Sincerely,".

Jerry Penso, MD, MBA
President and Chief Executive Officer, AMGA