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Why we must reform the Medicare physician payment system

Diverting the Medicare physician payment system away from its current unsustainable path and steering it instead toward physician practice sustainability will protect patient access to quality, evidence-based care while easing administrative burdens.

The American Medical Association (AMA) and multiple state and national medical societies – including The Academy of Medicine of Cleveland and Northern Ohio – have outlined a [practical, commonsense approach](#) reforming Medicare physician reimbursement based on the principles of simplicity, relevance, alignment and predictability.

The Academy of Medicine of Cleveland & Northern Ohio (AMCNO) is the region's professional medical association. We are a non-profit, 501(c6) professional organization representing Northern Ohio's medical community. The mission of the AMCNO is to support physicians in being strong advocates for all patients and promote the practice of the highest quality of medicine. Historically, the AMCNO is the oldest professional organization in Ohio, originally formed as the Nineteenth District of Ohio in 1824. We are proud to be the voice of medicine for Cleveland's past, present, and future.

The need for change is clear. Taking inflation in practice costs into account, Medicare physician payment plunged 20% from 2001 to 2021. Medicare spending on physician services per enrollee retreated by 1% between 2010 and 2020, even as spending per enrollee for other parts of Medicare jumped by 3.6% to 42.1%. meaning that outlays for physician services on a per-enrollee basis.

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With inflation soaring to 40-year highs this year, statutory payment cuts looming, and many physician practices still dealing with pandemic-related financial issues, the current proposal from the Centers for Medicare and Medicaid Services (CMS) undermine the long-term sustainability of physician practices while threatening patient access to physicians participating in Medicare.

Leading the charge to reform Medicare physician payment is a core element of the AMA's [Recovery Plan for America's Physicians](#), along with fixing prior authorization, supporting telehealth, reducing physician burnout and stopping scope of practice creep.

Physicians deserve payment models that recognize and invest in their contributions in providing high-value care to patients, while generating cost savings across all parts of Medicare and the broader health care system. In practical terms, this means directly rewarding the value of care that physicians offer to patients, as opposed to administrative tasks such as data entry that are often irrelevant to the service being provided.

Advancing value-based care also means encouraging innovation with practices and systems with an emphasis on continuous improvement, boosting the overall quality of care provided to the full spectrum of patient populations, including higher-risk and higher-cost groups. Ideally, a variety of payment models and incentives tailored to the distinct needs of different specialties and practice settings should be in place, along with a financially viable fee-for-service model.

And because the need to embed racial justice and advance equity across all aspects of medicine has never been greater, payment model innovations should be risk-adjusted and reflect the ongoing contributions of physicians to dismantle health disparities. Physicians who address social drivers of care need support as they provide care to historically marginalized, higher risk, and harder-to-reach patient populations. This support should extend to practices of all sizes and in all locations.

One of the biggest problems under the current payment system is the fact that other Medicare providers benefit from built-in updates, such as a medical economic index or an inflationary growth factor, that help offset increases in the cost of providing services – but no such offset exists for physicians.

Just as we didn't get where we are overnight, we are unlikely to secure the massive, badly needed overhaul of the Medicare physician payment system tomorrow. The good news is that we *can* get there through single-minded determination and the collective efforts of our association, our counterparts in the Federation of Medicine, and the AMA.

Working together, we can place the Medicare payment system back on a sustainable path and ensure that our patients receive the quality care they deserve.

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