

MULTI-STATE MEDICAL SOCIETIES

November 10, 2023

The Honorable Jason Smith, Chair
Ways and Means Committee
U.S. House of Representatives

The Honorable Richard E. Neal, Ranking Member
Ways and Means Committee
U.S. House of Representatives

The Honorable Vern Buchanan, Chair
Health Subcommittee
Ways and Means Committee

The Honorable Lloyd Doggett, Ranking Member
Health Subcommittee
Ways and Means Committee

The Honorable Cathy McMorris Rodgers, Chair
Energy and Commerce Committee
U.S. House of Representatives

The Honorable Frank Pallone, Ranking Member
Energy and Commerce Committee
U.S. House of Representatives

The Honorable Brett Guthrie, Chair
Health Subcommittee
Energy and Commerce Committee
U.S. House of Representatives

The Honorable Anna Eshoo, Ranking Member
Health Subcommittee
Energy and Commerce Committee
U.S. House of Representatives

RE: MEDICARE GEOGRAPHIC ADJUSTMENT PAYMENT LEGISLATION NEEDS FURTHER STUDY

Dear Chairs Smith, McMorris Rodgers, Buchanan, and Guthrie and Ranking Members, Neal, Pallone, Doggett, and Eshoo,

On behalf of the California Medical Association, Connecticut State Medical Society, Florida Medical Association, The Maryland State Medical Society, Massachusetts Medical Society, Medical Society of New Jersey, Medical Society of the State of New York, Pennsylvania Medical Society, and the Washington State Medical Association, we appreciate the Ways and Means Committee and the Energy Commerce Committee work to reform and improve the Medicare physician payment system to protect patient access to care. We have become aware of several draft legislative proposals that while well-intended to help physicians in rural communities would result in substantial Medicare payment cuts to physicians in urban and suburban regions. Furthermore, based on our analysis and several independent studies, the proposals may not improve rural physician Medicare payment. As the Committees are aware, Medicare physician payment has been stagnant for two decades, declining by 26% when adjusted for inflation. Physicians are facing yet another 3.4% payment cut in 2024. Therefore, we urge the Committees to resist proposals that alter the accuracy of Medicare geographic payment adjustments and impose additional payments cuts on physicians without fully investigating the impact of the proposed legislation on physicians and patient access to care in all geographic regions.

Specifically, our state medical associations are concerned about the proposal to base Medicare physician rent reimbursement on the rents paid by Federally Qualified Health Centers because it could reduce rent payments to all physicians in all regions nationwide. The current rent data sources have been upheld by several independent studies and the Centers for Medicare and Medicaid Services (CMS). We urge the Committees to request a GAO study on the impact of applying FQHC rent data sources prior to enacting such change. Furthermore, we are opposed to changes that further reduce the impact of the Physician Work GPCI (physician wages) because cost of living expenses for physicians are substantially rising nationwide.

Our analysis shows that the Work GPCI proposals will substantially reduce Medicare payments to physicians in urban and suburban regions and some rural regions by \$456 million annually. However, most rural regions will not be helped by these proposals as intended. There is no payment impact because of the current Work GPCI floor - meaning these areas will not experience payment increases or payment cuts. Independent studies support the current Physician Work GPCI data sources as the most accurate.

Because our states are comprised of both urban and rural regions, we fully understand the unique challenges of practicing in these regions. Therefore, we ask the Committees to consider alternatives to truly assist rural physicians and their patients without imposing payment cuts on others. Those alternatives include extending the expiring Medicare Work GPCI floor for rural physicians and reauthorizing the Teaching Health Center Program, the Conrad J-1 VISA Waiver Program, and the National Health Service Corps. Passage of HR 2389 “The Resident Physician Shortage Reduction Act” (Fitzpatrick, Sewell) would train more physicians to increase the overall pipeline of young physicians. Finally, we would urge your consideration of several proposals, including HR 6386 (Congressman Kevin McCarthy R-CA) that extend the current Health Professional Shortage Areas (HPSA) so that physicians practicing in nearby towns and communities may receive the Medicare 10% HPSA bonus while they continue to treat patients residing in HPSAs. With the growing shortages of physicians, it is extremely difficult to attract physicians to underserved areas, but allowing neighboring physicians to receive the HPSA payment would ensure there are physicians in nearby communities.

The undersigned State Medical Associations appreciate your work to reform the Medicare physician payment system. We urge you to study the true impact of these Medicare geographic payment proposals before implementing changes that could have unintended consequences for physicians and patients in both urban and rural communities. We stand ready to work with you to improve access to care in rural areas while protecting all physicians and patients across the nation.

Sincerely,

CALIFORNIA MEDICAL ASSOCIATION

CONNECTICUT STATE MEDICAL SOCIETY

FLORIDA MEDICAL ASSOCIATION

THE MARYLAND STATE MEDICAL SOCIETY

MASSACHUSETTS MEDICAL SOCIETY

MEDICAL SOCIETY OF NEW JERSEY

MEDICAL SOCIETY OF THE STATE OF NEW YORK

PENNSYLVANIA MEDICAL SOCIETY

WASHINGTON STATE MEDICAL ASSOCIATION

