



December 19, 2023

The Honorable Mike Johnson
Speaker
U.S. House of Representatives

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives

The Honorable Charles Schumer
Majority Leader
U.S. Senate

The Honorable Mitch McConnell
Minority Leader
U.S. Senate

Re: MGMA legislative recommendations to support medical groups in 2024

Dear Speaker Johnson, Majority Leader Schumer, Minority Leader Jeffries, and Minority Leader McConnell:

On behalf of our member medical group practices, the Medical Group Management Association (MGMA) thanks you for your leadership in supporting medical group practices' ability to provide high-quality, cost-effective care. **We write to emphasize the urgent need for Congress to take action to avert the pending 2024 Medicare reimbursement cut as soon as possible to avoid dire consequences to this nation's healthcare system, and enact additional legislation to bolster medical group practices' ability to provide high-quality care.**

With a membership of more than 60,000 medical practice administrators, executives, and leaders, MGMA represents more than 15,000 group medical practices ranging from small private medical practices to large national health systems, representing more than 350,000 physicians. MGMA's diverse membership uniquely situates us to offer the following legislative recommendations.

MGMA asks that you quickly pass the bipartisan *Preserving Seniors' Access to Physicians Act of 2023* that would stop the full 3.37% cut to Medicare reimbursement set to take effect on Jan. 1, 2024. Without stopping this cut, medical groups will endure an untenable further reduction to physician reimbursement that will compound other financial pressures such as staffing shortages and rising operational costs. MGMA conducted a survey of 517 medical group practices, ranging from small practices to large 2,500 physician health systems, assessing the impact of potential Medicare payment cuts, and evaluating how physician practices would respond.¹ Practices would consider limiting the number of new Medicare patients, reducing charity care, reducing number of clinical staff, and closing satellite locations. Ninety-two percent of medical groups responded that Medicare reimbursement in 2022 did not adequately cover the cost of care provided.

¹ MGMA, Impact of Payment Reductions to Medicare Rates in 2023, <https://www.mgma.com/federal-policy-resources/impact-of-payment-reductions-to-medicare-rates-in-2023>.

In MGMA’s 2023 regulatory burden survey, 87% of medical group practices said reimbursement not keeping up with inflation would impact current and future Medicare patient access.² As one MGMA member put it, “[b]etween the reimbursement cuts and increasing regulatory costs, keeping the doors open becomes more challenging daily.”

According to MGMA data, physician practices saw total operating cost per FTE physician increase by over 63% from 2013–2022, while the Medicare conversion factor increased by only 1.7% over the same timeframe. Further, 89% of medical groups reported an increase in operating costs in 2023.³ In the face of these serious financial tensions, another cut is unconscionable — it is imperative to address the cut as quickly as possible.

With the Continuing Resolution partially funding the government set to expire on Jan. 19, 2024, it is critical to illuminate the impacts of belatedly addressing the Medicare reimbursement cut in the new year. Should the reduction go into effect on Jan. 1, 2024, and then later be remedied, medical groups will face administrative turmoil if CMS pays out claims prior to the enactment of a fix and later has to reprocess them. Further, commercial plans often benchmark their rates based off the Medicare Physician Fee Schedule. It is our understanding that in previous iterations of these cuts being retroactively adjusted, these commercial plans did not go back and change their contracts, but kept the artificially low rates. This underscores the cascading negative impact these cuts have on medical groups.

While avoiding this impending cut is of foremost importance, permanent reform to the Medicare payment system is needed to sustainably support medical groups and avoid these yearly threats to their financial viability. We appreciate both the Senate Committee on Finance and the House Committee on Energy and Commerce passing legislation to partially stop the scheduled cut, but the resulting cut would still be detrimental by compounding the lack of an inflationary update (the Medicare Economic Index (MEI) is projected to be 4.6% for 2024). **MGMA supports the *Strengthening Medicare for Patients and Providers Act*, which would provide an annual Medicare physician payment update tied to inflation, as measured by the MEI.** This commonsense legislation is needed to not only align with other payment systems, but adequately account for the cost of operating medical groups.

Modernizing changes are needed to the budget neutrality aspect of Medicare Physician Fee Schedule. The *Provider Reimbursement Stability Act of 2023* would make updates such as increasing the triggering threshold from \$20 million to \$53 million (while adding an update to keep pace with inflation), and instituting new utilization review requirements to better reflect the reality of providers using certain services compared to CMS’ estimates. MGMA urges Congress to institute changes to budget neutrality in unison with the long-needed annual inflationary update. These policies work in concert to undermine the financial viability of medical practices — a holistic approach would go a long way towards establishing an appropriate reimbursement system.

Congress should enact the following legislative recommendations to support group practices in the new year:

- **Pass the *Improving Seniors’ Timely Access to Care Act*.** Prior authorization requirements are continuously ranked as the number one regulatory burden facing medical groups.⁴ The widely

² MGMA, 2023 Regulatory Burden Report, <https://www.mgma.com/federal-policy-resources/mgma-annual-regulatory-burden-report-2023>.

³ MGMA Stat Poll, *Higher costs persist for medical groups even as inflation’s growth slows*, July 12, 2023, <https://www.mgma.com/mgma-stat/higher-costs-persist-for-medical-groups-even-as-inflations-growth-slows>.

⁴ *Id.*

supported *Improving Seniors' Timely Access to Care Act* — which passed the House of Representatives with 326 cosponsors last year and has more than 500 healthcare organizations endorsing it — would make long-needed changes to prior authorization and allow practices to focus resources on clinical care instead of dealing with these onerous administrative processes.

- **Enact legislation to extend the Alternative Payment Model (APM) incentive payment and freeze the Qualifying APM Participant (QP) threshold.** CMS finalized increases to the 2024 QP threshold while simultaneously eliminating the APM incentive payment and transitioning to a qualifying APM conversion factor. MGMA urges Congress to reinstate the APM incentive payment at its original rate of 5% to provide adequate support for practices transitioning to APMs. Similarly, the increased QP threshold mandated by statute will make it extremely difficult for practices to qualify as a QP and realize many of the benefits of joining an APM. We ask Congress to extend the APM incentive payment and keep the QP threshold at a reasonable level. The *Value in Health Care Act of 2023* would implement these reforms.
- **Extend the 1.0 work Geographic Practice Cost Index (GPCI) floor.** The Continuing Resolution extended the work GPCI floor of 1.0 until Jan. 19, 2024. It is essential to extend this floor to avoid needless additional payment reductions and the associated negative repercussions for medical groups in areas impacted by the floor.
- **Pass the *No Fees for EFTs Act*.** This recently-introduced bipartisan bill would prohibit fees from health insurance plans and their payment processing vendors for processing standardized electronic funds transfer (EFT) and remittance advice transactions. MGMA has long advocated to stop health plans and their payment vendors from charging medical practices these unwarranted fees just to get paid.⁵ This legislation would make reasonable changes to facilitate cost- and time-saving electronic payments.

MGMA greatly appreciates your longstanding support of medical groups. We urge you to address the pending Medicare reimbursement cut and pass the above-referenced legislation to reinforce group practices' ability to provide high-quality, cost-effective care. If you have any questions, please contact James Haynes, Associate Director of Government Affairs, at jhaynes@mgma.org or 202-293-3450.

Sincerely,

/s/

Anders Gilberg
Senior Vice President, Government Affairs

⁵ MGMA Issue Brief, Electronic Funds Transfer Fees, <https://www.mgma.com/getkaiasset/8fc1b787-d6f1-45de-b07e-117cff381606/MGMA%202023%20EFT%20Fees%20Issue%20Brief.pdf>.