



August 6, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
U.S. Capitol Building, H-222
Washington, DC 20515

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
U.S. Capitol Building, H-204
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
U.S. Capitol Building, H-230
Washington, DC 20510

The Honorable Charles E. Schumer
Democratic Leader
U.S. Senate
U.S. Capitol Building, S-221
Washington, DC 20510

Re: Medicare physician payment update

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell, and Leader Schumer:

On behalf of our member medical group practices, the Medical Group Management Association (MGMA) deeply appreciates actions taken by Congress to support healthcare providers in their response to the COVID-19 pandemic. In particular, financial relief measures have been pivotal to group practices keeping their doors open to treat patients and remaining financially solvent. To help maintain economic progress and recovery, **we request you take action to address planned Medicare physician payment cuts that would disproportionately and negatively impact certain physician specialties starting Jan. 1, 2021. Specifically, we urge Congress to waive budget neutrality requirements codified in Section 1848(c)(2) of the Social Security Act for the 2021 calendar year.**

The Centers for Medicare and Medicaid Services' (CMS) finalized broad changes to outpatient/office evaluation and management (E/M) visits through the 2020 Medicare Physician Fee Schedule (PFS) that increase payment rates for these services and make other important changes to reduce documentation and administrative burden starting in 2021. MGMA supports these updates, however due to statutory budget neutrality requirements, CMS now proposes that these payment increases will result in an overall reduction to the Medicare conversion factor for 2021. We are deeply concerned that maintaining the budget neutrality requirement for the 2021 payment year will result in significant reimbursement cuts. Specifically, Table 90 of the [proposed 2021 PFS](#) estimates payment reductions of 8% or more for specialties such as critical care, pathology, radiology, physical/occupational therapy, and cardiac surgery. The reduction to the conversion factor will also significantly impact private physician contracts with insurers, which are frequently benchmarked to Medicare rates.

With a membership of more than 55,000 medical practice administrators, executives, and leaders, MGMA represents more than 15,500 organizations across the country comprised of all specialties. Our diverse membership situates MGMA in the unique position of assessing how the COVID-19 pandemic has affected group practices of all sizes and specialty compositions. The substantial economic hardships experienced by group practices cannot be overlooked. Although revenue streams for certain group practices have improved due to reopening guidelines at the state level and patients returning for in-person visits, revenue was still 25% lower this June as compared to June 2019.¹ Furthermore, practices continue to report the need to lay off and furlough staff, close locations, and reduce practice hours in response to COVID-19. The uncertain trajectory of COVID-19 contributes to concerns that these modest financial improvements could be undercut by future surges.

At the same time practices face economic hardships due to COVID-19, the Medicare standard for updating physician payments has not kept up with inflation or the costs of running a medical group practice. According to an MGMA poll conducted in January 2019 more than two-thirds (67%) of medical practices reported that Medicare payments do not cover the cost of delivering care to beneficiaries.² At the time the poll was conducted, the 2019 Medicare conversion factor was higher (\$36.04) than the proposed 2021 update (\$32.26). The currently proposed reduction of nearly 11% to the Medicare conversion factor is unsustainable and will result in cuts that could threaten the financial viability of group practices during an already difficult time.

For our country's medical groups to remain resilient and continue to treat patients in this uncertain time, we ask you to waive the budget neutrality requirements for office visits and other payment increases. As the voice for the country's medical group practices, MGMA remains committed to promoting policies that enhance the ability of our members to provide high-quality, cost-effective care to the millions of patients they serve. If you have any questions, please contact Claire Ernst at cernst@mgma.org or 202-293-3450.

Regards,

/s/

Anders Gilberg, MGA
Senior Vice President, Government Affairs

¹ MGMA Financial Impact Poll (July 22, 2020)

² MGMA [Stat](#), January 15, 2019