



## Medicare Physician Reimbursement

### **REQUEST**

The American Academy of Allergy, Asthma & Immunology (AAAAI) **urges members of Congress to act before the end of the year to prevent impending cuts in Medicare physician reimbursement scheduled to take effect in January 2023.**

### **BACKGROUND**

The AAAAI thanks Congress for providing temporary relief in 2021 and 2022 to mitigate Medicare reimbursement cuts resulting from a budget neutrality adjustment to the Medicare Physician Fee Schedule (MPFS) conversion factor (CF) and for temporarily delaying the 2% Medicare sequester and 4% PAYGO sequester cuts. However, absent additional congressional action, physicians once again face unreasonable cuts in 2023 including a 4.5% cut due to the budget neutrality adjustment and an additional 4% PAYGO cut. This is on top of the 2% Medicare sequester cuts which resumed on July 1, 2022.

Representatives Ami Bera, M.D. (D-CA) and Larry Bucshon, M.D. (R-IN) introduced the ***Supporting Medicare Providers Act of 2022 (H.R. 8800)***, which seeks to halt the 4.5% Medicare CF cut in 2023. The legislation, which is supported by the AAAAI and other stakeholders, also includes ‘Sense of the Congress’ language recognizing the need for legislative and administrative changes to the MPFS to, “ensure financial stability and predictability in the Medicare physician payment system; promote and reward value-based care innovation; and safeguard timely access to high-quality care by advancing health equity and reducing disparities.” Such deep annual cuts restrict access to quality care and exacerbate physician workforce problems.

***Medicare Conversion Factor:*** On November 1, 2022, CMS issued its final Calendar Year 2023 MPFS rule, setting the Medicare Conversion Factor (CF) at \$33.06, establishing a 4.47 percent cut to physician payments—a slightly larger reduction than the proposed rule—which is set to go into effect on January 1, 2023. Of note, in September, AAAAI submitted [comments](#) to the Centers for Medicare and Medicaid Services (CMS) regarding the future conversion factor in response to the CY 2023 MPFS proposed rulemaking.

***2% Medicare Sequester:*** At the end of 2021, Congress enacted the *Protecting Medicare and American Farms from Sequester Cuts Act*, incrementally and briefly delaying the 2% Medicare payment sequester until July 1, 2022, when it was fully reinstated.

***4% PAYGO Sequester:*** The Congressional Budget Office (CBO) determined that the passage of the *American Rescue Plan Act* will trigger the statutory Pay-As-You-Go Act of 2010 (PAYGO) spending reductions. The *Protecting Medicare and American Farms from Sequester Cuts Act* delayed the 4% PAYGO sequester cuts until 2023. As such, absent further congressional action, physicians are expected to face an additional 4%, or \$36 billion, reimbursement reduction next year.

### **CONTACT**

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