

## Stabilize Medicare Physician Payment

**REQUEST:** The American Academy of Allergy, Asthma & Immunology (AAAAI) urges you to enact policies to provide long-term stability to the Medicare physician payment system, preserving patient access to care. In the short term, we also urge you to support and advance the **Medicare Patient Access and Practice Stabilization Act (H.R. 879)**.

**BACKGROUND:** On January 1, the Centers for Medicare and Medicaid Services' (CMS) Calendar Year (CY) 2025 Medicare Physician Fee Schedule (MPFS) Final Rule went into effect, including a 2.83% cut to Medicare physician payments. The **Medicare Patient Access and Practice Stabilization Act (H.R. 879)**, led by Representatives Greg Murphy, MD (R-NC) and Jimmy Panetta (D-CA), would address the 2.83% MPFS cut and provide an inflationary update for 2025. While H.R. 879 would provide a temporary fix for 2025, key components to provide long-term stability to the MPFS should include:

- **An Inflationary Update** – The *Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)* was established without a yearly automatic inflation adjustment for physicians, unlike other Medicare providers that receive annual payment updates based on an inflation proxy, such as the Consumer Price Index (CPI) or the Medicare Economic Index (MEI). Medicare physician payments declined 29% from 2001 to 2024 when adjusted for inflation in practice costs<sup>1</sup>. The [Medicare Trustees](#)<sup>2</sup> and other policy experts have raised concerns about the lack of an inflation measure in the MPFS. Further, over the past three years, MedPAC has recommended physician payment updates equal to 50 percent of the projected MEI increase<sup>3</sup>. In its forthcoming June report, the Commission will include recommendations to replace current-law MPFS updates with an annual MEI update, such as MEI -1 percent, and for CMS to use timely cost data to refine relative value units (RVUs). While these steps are positive, a full-MEI update is essential to stabilize the Medicare payment system in the long term.
- **Budget Neutrality Reforms** – The AAAAI appreciates past congressional efforts to mitigate cuts in Medicare payments to physicians. However, the incremental adjustments to the conversion factor updates have not fixed the source of the problem. Budget neutrality requirements<sup>4</sup> and the lack of an inflation-based payment update continue to drive these cuts. The CMS' 2025 conversion factor equals \$32.35. In 2016, the MPFS conversion factor was almost \$36.00.
- **Regular Practice Expense Updates** – Practices that administer medications in the office setting continue to be harmed by CMS' CY 2022 clinical labor pricing update policies that drastically reduced payment for drug administration services. In-office administration, which helps reduce exacerbations and hospitalizations, are severely threatened by these cuts. CMS waiting 20 years to revise the clinical labor inputs made the cut much more severe. To avoid this problem in the future, we urge Congress to require that CMS regularly update direct practice expenses, including clinical labor costs.

**CONTACT:** To cosponsor **H.R. 879**, please contact [mclean.piner@mail.house.gov](mailto:mclean.piner@mail.house.gov) (Rep. Murphy) or [seamus.mckeon@mail.house.gov](mailto:seamus.mckeon@mail.house.gov) (Rep. Panetta)

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<sup>1</sup> <https://www.ama-assn.org/system/files/2025-medicare-updates-inflation-chart.pdf>

<sup>2</sup> <https://www.cms.gov/oact/tr/2024>

<sup>3</sup> <https://www.medpac.gov/document/june-2024-report-to-the-congress-medicare-and-the-health-care-delivery-system/>

<sup>4</sup> Medicare's budget neutrality requirement requires CMS to implement across-the-board cuts if changes to the MPFS cause expenditures to exceed \$20 million annually. To a large extent, the current ongoing cuts stem from increases to office visit evaluation and management (E/M) service codes, prompting a massive redistribution of funds across the MPFS.