Congress of the United States

Washington, DC 20515

October 11, 2024

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Johnson and Minority Leader Jeffries:

The undersigned bipartisan members of Congress write to urge you to expeditiously pass legislative fixes that not only stop another damaging round of cuts to Medicare payments, but also provide greater certainty and stability for clinicians serving Medicare beneficiaries. On July 10, the U.S. Centers for Medicare & Medicaid Services (CMS) released the Calendar Year (CY) 2025 Medicare Physician Fee Schedule (MPFS) Proposed Rule that includes provisions subjecting all physicians and other clinicians treating Medicare patients to a 2.8 percent payment cut.[1] In lieu of these harmful cuts, which, absent federal legislation, will take effect on January 1, 2025, Congress must pass a bill providing physicians and other clinicians with a payment update that takes into account the cost of actually delivering care to patients.

The scheduled 2.8 percent reduction represents the fifth consecutive year that CMS issued a fee schedule regulation that lowers payments to physician and other clinicians. While Congress has stepped in the past four years to pass legislation to mitigate portions of these cuts, the fact remains that the MPFS is inherently broken. Continued payment cuts undermine the ability of independent clinical practices — especially in rural and underserved areas — to care for their community, which reduces patient access to care. The continued cuts have forced medical groups and integrated systems of care to make difficult choices, such as imposing hiring freezes, delaying system improvements, delaying implementation of care model changes including transitions to value-based care systems, and possibly eliminating services.[2] Because healthcare often comprises a large percentage of employment in rural areas, the closure of independent practices not only lessens patient access to care but also jeopardizes the livelihood of rural Americans.

Medicare payment rates have fallen by 29 percent over the last two decades, when adjusting for the costs of running a practice.[3] In addition, compliance with the Merit-based Incentive Payment System (MIPS) is expensive and a flawed, insufficient way to measure quality and costs of care that has resulted in steep and unfair penalties.[4] [5] These payment cuts and MIPS compliance costs also come on the heels of the extremely disruptive COVID-19 public health emergency and the Change Healthcare cyberattack.

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[1] https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2025-medicare-physician-fee-schedule-proposed-rule
[2] https://www.amga.org/getmedia/ee996ffa-d42e-4f8c-82ac-142875103761/2024_Medicare_Cuts_Survey_Results.pdf
[3] https://www.ama-assn.org/system/files/2024-medicare-updates-inflation-chart.pdf
[4] https://jamanetwork.com/journals/jama-health-forum/fullarticle/2779947
[5] https://jamanetwork.com/journals/jama/article-abstract/2799153

The CY 2025 MPFS Proposed Rule, however, highlights that the estimated cost of running a practice, such as expenses associated with paying rent, compensating clinical and administrative staff, and purchasing supplies and equipment, is estimated to increase substantially next year. This ever-widening gap between what Medicare pays physicians and other clinicians and the cost of delivering quality care to patients demands Congressional intervention.

Thankfully, bipartisan lawmakers have come together to propose several legislative solutions in pursuit of permanent relief from the long-term problems plaguing the Medicare payment system. We urge Congressional Leadership to move legislation to provide physicians and other clinicians with a permanent, annual inflationary update in Medicare equivalent to the Medicare Economic Index (MEI). We also request that you enact targeted reforms to statutory MPFS budget neutrality requirements, raise the current MPFS budget neutrality threshold to be reflective of 2024 dollars, require CMS to cross-check utilization assumptions associated with a narrow set of newly unbundled codes that trigger budget neutrality cuts to correct any misestimates, mandate CMS review key elements of practice expense costs concurrently and no less often than every five years, and limit changes to the MPFS conversion factor to no more than 2.5 percent in a given year. Some of these legislative solutions already passed by the Energy and Commerce Committee in 2023 with strong bipartisan support. In addition, we urge Congressional Leadership to utilize bipartisan offsets as we address all issues pertaining to Medicare payments to physicians and other clinicians.

Increased instability in the healthcare sector due to looming cost hikes impacts the ability of physicians and clinicians to provide the highest quality of care and threatens patient access to affordable healthcare. Rural physicians and other clinicians, as well as those treating underserved populations, are facing the most daunting challenge of trying to provide care in the wake of devastating reimbursement cuts. To prevent the very real scenario of insufficient access to physicians and other clinicians treating Medicare patients, Congress must stop the 2.8 percent payment cut from occurring in 2025, enact targeted reforms to statutory budget neutrality requirements, and provide physicians with a payment update reflective of inflationary pressures. We stand ready to work with you to pass crucial bipartisan legislative initiatives before the conclusion of the 118th Congress.

Sincerely,

Mariannette Miller-Meeks,
M.D.
Member of Congress

Jimmy Panetta
Member of Congress

Gregory F. Murphy, M.D.
Member of Congress

Raul Ruiz, M.D.
Member of Congress

Larry Bucshon, M.D.
Member of Congress

Kim Schrier, M.D.
Member of Congress

John Joyce, M.D.
Member of Congress

Ami Bera, M.D.
Member of Congress

Brian Fitzpatrick
Member of Congress

Brad Sherman
Member of Congress

Robert E. Latta
Member of Congress

Jefferson Van Drew
Member of Congress

Neal P. Dunn, M.D.
Member of Congress

Mike Bost
Member of Congress

Glenn "GT" Thompson
Member of Congress

Brandon Williams
Member of Congress

Sharice L. Davids
Member of Congress

Nikki Budzinski
Member of Congress

Katie Porter
Member of Congress

Dan Meuser
Member of Congress

David G. Valadao
Member of Congress

Sheila Cherfilus-McCormick
Member of Congress

Joseph D. Morelle
Member of Congress

Aaron Bean
Member of Congress

Sanford D. Bishop, Jr.
Member of Congress

Anthony D'Esposito
Member of Congress

Michael V. Lawler
Member of Congress

Robert J. Wittman
Member of Congress

Tracey Mann
Member of Congress

Michael Guest
Member of Congress

Jim Costa
Member of Congress

Michael Waltz
Member of Congress

Grace Meng
Member of Congress

Jill Tokuda
Member of Congress

Darren Soto
Member of Congress

Rich McCormick, MD, MBA
Member of Congress

Brittany Pettersen
Member of Congress

Glenn Ivey
Member of Congress

Colin Z. Allred
Member of Congress

Josh Gottheimer
Member of Congress

Darin LaHood
Member of Congress

Don Bacon
Member of Congress

Ted W. Lieu
Member of Congress

Becca Balint
Member of Congress

Marcus J. Molinaro
Member of Congress

Jonathan L. Jackson
Member of Congress

Patrick K. Ryan
Member of Congress

Teresa Leger Fernández
Member of Congress

Raja Krishnamoorthi
Member of Congress

Eric Sorensen
Member of Congress

Terri A. Sewell
Member of Congress

Lori Trahan
Member of Congress

Jim Himes
Member of Congress

Kevin Mullin
Member of Congress

Jennifer L. McClellan
Member of Congress

Josh Harder
Member of Congress

Bonnie Watson Coleman
Member of Congress

Ed Case
Member of Congress

John H. Rutherford
Member of Congress

Rick W. Allen
Member of Congress

Frank J. Mrvan
Member of Congress

Brian Babin, D.D.S.
Member of Congress

Thomas H. Kean, Jr.
Member of Congress

Brad Finstad
Member of Congress

Lizzie Fletcher
Member of Congress

Scott H. Peters
Member of Congress

Donald G. Davis
Member of Congress

Angie Craig
Member of Congress

Michelle Fischbach
Member of Congress

Nicole Malliotakis
Member of Congress

Ashley Hinson
Member of Congress

Randy Feenstra
Member of Congress

Eleanor Holmes Norton
Member of Congress

Greg Landsman
Member of Congress

Valerie P. Foushee
Member of Congress

Norma J. Torres
Member of Congress

Alma S. Adams, Ph.D.
Member of Congress

Kat Cammack
Member of Congress

Deborah K. Ross
Member of Congress

Adam B. Schiff
Member of Congress

Mike Ezell
Member of Congress

Robin L. Kelly
Member of Congress

Mike Thompson
Member of Congress

Julia Brownley
Member of Congress

John Garamendi
Member of Congress

Nicholas A. Langworthy
Member of Congress

Ronny L. Jackson, M.D.
Member of Congress

Bennie G. Thompson
Member of Congress

Chrissy Houlahan
Member of Congress

Trent Kelly
Member of Congress

Steve Cohen
Member of Congress

Andrew R. Garbarino
Member of Congress

William R. Keating
Member of Congress

David Scott
Member of Congress

Charles J. "Chuck"
Fleischmann
Member of Congress

Adriano Espaillat
Member of Congress

Bradley Scott Schneider
Member of Congress

Steven Horsford
Member of Congress

Zoe Lofgren
Member of Congress

Marc A. Veasey
Member of Congress

Mike Garcia
Member of Congress

Salud Carbajal
Member of Congress

Brendan F. Boyle
Member of Congress

Marilyn Strickland
Member of Congress

Stephen F. Lynch
Member of Congress

André Carson
Member of Congress

Lori Chavez-DeRemer
Member of Congress

Young Kim
Member of Congress

Gabe Vasquez
Member of Congress

Thomas R. Suozzi
Member of Congress

Dusty Johnson
Member of Congress

Henry C. "Hank" Johnson, Jr.
Member of Congress

Greg Pence
Member of Congress

Lisa Blunt Rochester
Member of Congress

Joe Wilson
Member of Congress

Ann Wagner
Member of Congress

Erin Houchin
Member of Congress

Jay Obernolte
Member of Congress

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J. Luis Correa
Member of Congress

Harriet M. Hageman
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Sean Casten
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Member of Congress

Alex X. Mooney
Member of Congress

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Member of Congress

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Member of Congress

Susan Wild
Member of Congress

Andy Harris, M.D.
Member of Congress

Austin Scott
Member of Congress

Kathy Castor
Member of Congress

Nanette Diaz Barragán
Member of Congress

Henry Cuellar
Member of Congress

Donald Norcross
Member of Congress

James C. Moylan
Member of Congress

Ritchie Torres
Member of Congress

Shontel M. Brown
Member of Congress

Haley M. Stevens
Member of Congress

Michael A. Rulli
Member of Congress

Nydia M. Velázquez
Member of Congress

Yadira Caraveo, M.D.
Member of Congress

Jimmy Gomez
Member of Congress

Mike Quigley
Member of Congress

Barry Loudermilk
Member of Congress

John R. Moolenaar
Member of Congress

Tony Gonzales
Member of Congress

Michael K. Simpson
Member of Congress

Steny H. Hoyer
Member of Congress

Juan Vargas
Member of Congress

Shri Thanedar
Member of Congress

Danny K. Davis
Member of Congress

Hillary J. Scholten
Member of Congress

Randy K. Weber, Sr.
Member of Congress

Mike Levin
Member of Congress

Debbie Lesko
Member of Congress

Suzanne Bonamici
Member of Congress

Mark Pocan
Member of Congress

Derrick Van Orden
Member of Congress

H. Morgan Griffith
Member of Congress

Anna G. Eshoo
Member of Congress

Abigail Davis Spanberger
Member of Congress

Dwight Evans
Member of Congress

John B. Larson
Member of Congress

Dan Goldman
Member of Congress

Stephanie Bice
Member of Congress

Zach Nunn
Member of Congress

Morgan McGarvey
Member of Congress

Maria Elvira Salazar
Member of Congress

Derek Kilmer
Member of Congress

Dan Newhouse
Member of Congress

Greg Stanton
Member of Congress

Pete Stauber
Member of Congress

John S. Duarte
Member of Congress

Sylvia R. Garcia
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Brian J. Mast
Member of Congress

Jack Bergman
Member of Congress

Jerry L. Carl
Member of Congress

Jason Crow
Member of Congress

Andy Kim
Member of Congress

Madeleine Dean
Member of Congress

Aumua Amata Coleman Radewagen
Member of Congress

Dina Titus
Member of Congress

Andy Barr
Member of Congress

Michelle Steel
Member of Congress

Gabe Amo
Member of Congress

Jared Huffman
Member of Congress

Susie Lee
Member of Congress

Emanuel Cleaver, II
Member of Congress

Tony Cárdenas
Member of Congress

Melanie Stansbury
Member of Congress

Mary Gay Scanlon
Member of Congress

Jerrold Nadler
Member of Congress

Ann McLane Kuster
Member of Congress

Mary Sattler Peltola
Member of Congress

Mikie Sherrill
Member of Congress

Jasmine Crockett
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Vicente Gonzalez
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Robert B. Aderholt
Member of Congress

John James
Member of Congress

Marie Gluesenkamp Perez
Member of Congress

Tim Walberg
Member of Congress

Jake Ellzey
Member of Congress

Yvette D. Clarke
Member of Congress

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Chellie Pingree
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Sydney Kamlager-Dove
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Lance Gooden
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Debbie Dingell
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Grace F. Napolitano
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Ro Khanna
Member of Congress

Jen A. Kiggans
Member of Congress

Monica De La Cruz
Member of Congress

Jenniffer González-Colón
Member of Congress

C. A. Dutch Ruppersberger
Member of Congress

Lois Frankel
Member of Congress

Val Hoyle
Member of Congress

Christopher H. Smith
Member of Congress

Judy Chu
Member of Congress

Lucy McBath
Member of Congress

David P. Joyce
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James P. McGovern
Member of Congress

Morgan Luttrell
Member of Congress

Elissa Slotkin
Member of Congress

Diana DeGette
Member of Congress

Jared Golden
Member of Congress

Doug LaMalfa
Member of Congress

Robert J. Menendez
Member of Congress