

## **PLANNED PAYMENT POLICY CHANGES**

On the frontlines of the COVID-19 pandemic, physicians continue to diligently care for patients in spite of staff shortages, incredible stressors and the ever present threat of becoming sick. In addition to these unprecedented challenges, physicians now also face significant cuts to payment for surgical services in the very near future. If the finalized policies from the Centers for Medicare & Medicaid Services (CMS) are enacted, drastic consequences for Medicare patients will likely occur. Besides stressing an already overburdened healthcare system, these policies are in conflict with current law<sup>1</sup> and should be rescinded.

### **Why These Cuts Matter:**

**Without congressional intervention, current policies will result in significant payment cuts to many physicians providing surgical services for Medicare patients thus destabilizing health system financing and threatening the sustainability of many physician private-practices.**

### **Payment Policy Changes Include:**

- **E/M Outpatient Codes (-3.75%)** – In the CY 2020 Medicare Physician Fee Schedule (PFS) final rule, CMS confirmed plans to increase the payment levels for stand-alone office and outpatient E/M codes. The cost implications of the E/M outpatient code changes in addition to that of the add-on code, had the overall effect of reducing the Medicare conversion factor (CF) significantly for 2021. Fortunately, Congress acted through the Consolidated Appropriations Act of 2021 to avert this cut by delaying the implementation of the add-on code (until 2024) and by increasing the CF by 3.75%. This 3.75% supplement to the CF expires at the end of 2021 meaning the nation's physicians will be subject reduced Medicare payments..
- **Sequester Payment Cuts (-2%)** – Sequestration policy resulting from the 2011 Budget Control Act (BCA) mandates that \$1.2 trillion in federal spending cuts be achieved from 2013 through 2022. Due to the pandemic, the fiscal impact of the Coronavirus Aid, Relief, and Economic Security (CARES) Act extended sequestration through 2030. In 2021, the imminent 2% Medicare sequester cut was suspended by the CARES Act and other Congressional action until the end of the year. Without additional action, the nation's physicians will be subject to another reduction in 2022 Medicare payments through the reinstatement of the 2% Medicare sequester cuts.
- **Pay-As-You-Go Payment Cuts (PAYGO) (-4%)** – PAYGO was established as a budget enforcement mechanism requiring that legislation affecting mandatory spending and revenues would not increase the federal deficit. If such legislation becomes law, a sequester of mandatory spending cuts are required (including Medicare). When Congress passed the \$1.9 trillion American Rescue Plan, PAYGO was set in motion to be implemented in January 2022. Unless Congress once again moves to suspend PAYGO, the nation's physicians will be subject to even more Medicare payment cuts.

### **What Congress Should Do:**

**Congress should act before the end of the year to avert the imminent cuts, including extending the 3.75% payment adjustment, and provide continued stability for physicians and other health care professionals.**

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<sup>1</sup> Omnibus Budget Reconciliation Act (OBRA) of 1989(P.L. 101-239), which prohibits Medicare from paying physicians differently for the same work.