



Sept. 30–Oct. 2

AMA ADVOCACY IN ACTION WORKSHOP



Advocating for Patients and Physicians: Medicare Payment and Prior Authorization Reform

The Medicare payment system is facing serious challenges that impact both patients and physicians. This system's financial instability is due to a mix of pandemic-related issues, statutory payment cuts, insufficient inflation adjustments, and significant administrative burdens. From 2001 to 2024, Medicare physician payment has effectively decreased by nearly 30% when adjusted for inflation. Over the last twenty-two years, Medicare physician pay has only increased by 9%, averaging just 0.4% per year. In contrast, the costs of running a medical practice have surged by 47% during the same period. This disparity means that Medicare physician pay has not kept pace with the increasing costs of running a practice, causing a 29% decline in real income for physicians when adjusted for inflation. Further, physicians are the only Medicare providers who do not receive annual updates for inflation.

Moreover, physicians face an additional hurdle: the prior authorization process. Prior authorization is a cost-control measure used by health plans, but it often leads to delays in care and can negatively affect patient outcomes, sometimes resulting in hospitalization, disability, or even death. On average, physicians handle 45 prior authorizations per week, which takes up nearly two full business days each week.

To address these pressing issues, we are advocating for two important bills that tackle these problems in tandem:

1. **H.R. 2474: Strengthening Medicare for Patients and Providers Act** – Introduced by Rep. Raul Ruiz (D-CA-25), this bill aims to simplify and stabilize Medicare payments by replacing the current separate conversion factors with a single conversion factor that aligns with the annual increase in the Medicare Economic Index. This change will help ensure that physician payments better reflect the true costs of providing care.
2. **H.R. 4968: GOLD CARD Act of 2023** – Introduced by Rep. Michael Burgess (R-TX-26), this bill proposes to exempt physicians from prior authorization requirements under Medicare Advantage plans for certain items and services if they have consistently had a high approval rate for such requests in the previous year. This means that physicians who consistently demonstrate compliance and proper use of prior authorizations will face fewer bureaucratic hurdles, allowing them to focus more on direct patient care rather than administrative tasks.

Together, these bills offer a comprehensive approach to addressing both financial and administrative challenges faced by physicians. By reforming payment structures and reducing unnecessary administrative hurdles, we can improve the overall healthcare experience for both patients and providers.

ACTION REQUESTED:

- Ask your Representative to Cosponsor **H.R. 2474: Strengthening Medicare for Patients and Providers Act** and **H.R. 4968: GOLD CARD Act of 2023** so that physicians can spend more time with patients and less time dealing with payments and paperwork.