



November 12, 2024

The Honorable Mike Johnson
Speaker
U.S. House of Representatives

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives

The Honorable Charles Schumer
Majority Leader
U.S. Senate

The Honorable Mitch McConnell
Minority Leader
U.S. Senate

Re: MGMA Legislative Imperatives for the End of 2024

Dear Speaker Johnson, Majority Leader Schumer, Minority Leader Jeffries, and Minority Leader McConnell:

On behalf of our member medical group practices, the Medical Group Management Association (MGMA) thanks you for your leadership in supporting medical group practices' ability to provide high-quality, cost-effective care. **As we approach the end of 2024, we write to emphasize the urgent need for Congress to pass legislation regarding three key issues important to medical groups: averting the finalized cut to Medicare payment and providing an inflationary update for 2025, passing prior authorization reform, and extending telehealth flexibilities.**

With a membership of more than 60,000 medical practice administrators, executives, and leaders, MGMA represents more than 15,000 medical group practices ranging from small private medical practices to large national health systems, representing more than 350,000 physicians. MGMA's diverse membership uniquely situates us to offer the following legislative recommendations.

Medicare Physician Payment

The Centers for Medicare & Medicaid Services (CMS) recently finalized its 2025 Medicare Physician Fee Schedule (PFS) that will cut the Medicare conversion factor by 2.83% beginning Jan. 1, 2025. **MGMA asks that Congress quickly pass the *Medicare Patient Access and Practice Stabilization Act of 2024 (H.R. 10073)* that would stop the full cut to Medicare conversion factor, in addition to providing a positive update equal to half of the Medicare Economic Index (MEI) to Medicare reimbursement for 2025.** Without stopping the cut and providing this modest update, medical groups will endure an untenable further reduction to physician reimbursement that will compound other financial pressures such as staffing shortages and rising operational costs.

In MGMA's 2023 regulatory burden survey, 87% of medical group practices said reimbursement not keeping up with inflation would impact current and future Medicare patient access.¹ Practices have

¹ MGMA, 2023 Regulatory Burden Report, <https://www.mgma.com/federal-policy-resources/mgma-annual-regulatory-burden-report-2023>.

detailed having to consider limiting the number of new Medicare patients, reducing charity care, reducing number of clinical staff, and closing satellite locations should Medicare payment continue on this trajectory. As one MGMA member put it, “[b]etween the reimbursement cuts and increasing regulatory costs, keeping the doors open becomes more challenging daily.”²

According to MGMA data, physician practices saw total operating cost per FTE physician increase by over 63% from 2013–2022, while the Medicare conversion factor increased by only 1.7% over the same timeframe. Further, 92% of medical groups reported an increase in operating costs in 2024.³ In the face of these serious financial tensions, another reduction to Medicare reimbursement is unconscionable — it is imperative to address the cut as quickly as possible.

While avoiding this impending cut and providing a positive update to account for inflation in 2025 is of foremost importance, permanent reform to the Medicare payment system is needed to sustainably support medical groups and avoid these yearly threats to their financial viability. **MGMA supports the *Strengthening Medicare for Patients and Providers Act (H.R. 2474)*, which would provide an annual Medicare physician payment update tied to inflation, as measured by the MEI.** This commonsense legislation is needed to not only align with other payment systems, but adequately account for the cost of operating a medical group.

Modernizing changes are needed to the antiquated budget neutrality policies in the Medicare PFS to avoid this continual dance of physician practices staring down yearly cuts to reimbursement. The *Provider Reimbursement Stability Act (H.R. 6371)* would make updates such as increasing the triggering threshold from \$20 million to \$53 million (while adding an update to keep pace with inflation), and instituting new utilization review requirements to better reflect the reality of providers using certain services compared to CMS’ estimates. MGMA urges Congress to institute changes to budget neutrality in unison with the long-needed annual inflationary update. These policies work in concert to undermine the financial viability of medical practices — a holistic approach would go a long way towards establishing an appropriate reimbursement system.

Congress must enact legislation to extend the Alternative Payment Model (APM) incentive payment and freeze the Qualifying APM Participant (QP) thresholds. The *Value in Health Care Act (H.R. 5013)* would implement these reforms and properly facilitate the transition to value-based care arrangements for medical groups.

Finally, Congress must extend the 1.0 work Geographic Practice Cost Index (GPCI) floor. The *Consolidated Appropriations Act of 2024* extended the work GPCI floor of 1.0 until Dec. 31, 2024. It is essential to extend this floor to avoid needless additional payment reductions and the associated negative repercussions for medical groups in primarily rural areas impacted by the floor.

Prior Authorization Reform

Onerous prior authorization requirements continuously rank as the number one regulatory burden facing medical groups.⁴ The widely supported *Improving Seniors’ Timely Access to Care Act (S. 4532)* — which passed the House of Representatives last Congress and has support from a majority of both of the House

² *Id.*

³ MGMA Stat Poll, *Nearly all medical groups still feeling the squeeze of rising operating expenses*, June 26, 2024, <https://www.mgma.com/mgma-stat/nearly-all-medical-groups-still-feeling-the-squeeze-of-rising-operating-expenses>.

⁴ *Supra* note 1.

and Senate this year — would make long-needed changes to prior authorization and allow practices to focus resources on clinical care instead of dealing with these administrative processes.

Nearly 500 healthcare organizations support this vital piece of legislation as it would implement commonsense changes to improve the transparency surrounding prior authorization utilization and expediate an often-laborious process. **The recently reintroduced version of the bill should be included in any must-pass legislation before the end of the year to provide much needed reform.**

Extension of Telehealth Flexibilities

Maintaining access to telehealth services is essential to avoid unnecessary barriers to medical care such as a patient having to travel significant distances. CMS implemented numerous temporary telehealth policies in response to the COVID-19 Public Health Emergency (PHE). Prior to these policies, telehealth services in Medicare were rarely used given geographic, originating site, and other restrictions.

This expansion has been a demonstrable success and allowed medical groups to continue serving their communities through the appropriate utilization of telehealth services. The *Consolidated Appropriations Act of 2023* thankfully extended many of these flexibilities through the end of calendar year 2024.

CMS finalized its extension of certain policies in its 2025 Medicare PFS, but many of the central policies that have allowed telehealth to flourish will expire soon without congressional action. It is essential to keep these flexibilities in place and permanently enshrine these policies as the value of telehealth to patients has been widely established. **Congress needs to act before the end of the year to extend the removal of geographic and originating site restrictions, the expanded list of providers, and more to ensure Medicare beneficiaries are able to access care no matter where they are located. Without doing so would significantly hinder medical groups' ability to offer to telehealth services nationwide.**

Conclusion

MGMA greatly appreciates your enduring support of medical groups. We urge you to address the finalized Medicare reimbursement cut and pass the above-referenced legislation to reinforce group practices' ability to provide high-quality, cost-effective care. If you have any questions, please contact James Haynes, Associate Director of Government Affairs, at jhaynes@mgma.org or 202-293-3450.

Sincerely,

/s/

Anders Gilberg
Senior Vice President, Government Affairs