

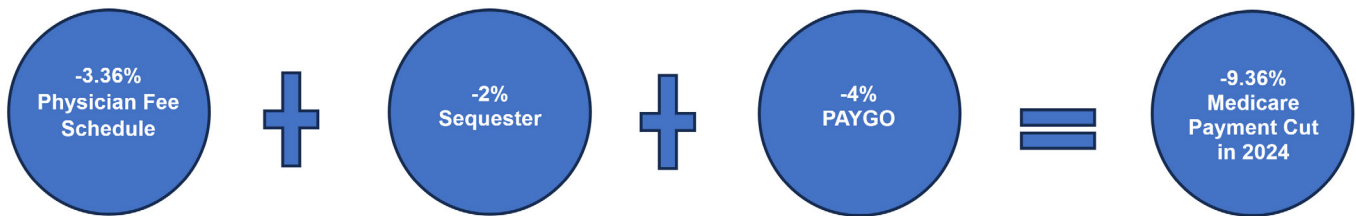
Impending Medicare Payment Cuts for Physicians in 2024

KEY POINTS

1. The Centers for Medicare and Medicaid Services are proposing a -3.36% decrease in payments in 2024 for services under the Medicare Physician Fee Schedule.
2. Medicare sequestration of -2% has been extended through 2032, because of a temporary delay for 1½ years.
3. PAYGO cuts of -4% have never been enacted in the past. If Congress leaves without action, these will go into effect.

REQUESTED ACTIONS

All physicians, providers, staff, and patients must contact members of Congress and request the permanent addition of 3.75% to the fee schedule, which was added during COVID and subsequently repealed slowly; permanent repeal of sequester cuts without penalizing for the cuts and permanent repeal of PAYGO cuts.



Medicare Physician Fee Schedule Cuts = -3.36%

- I. The Centers for Medicare and Medicaid Services are proposing a -3.36% decrease in payments in 2024 for services under the Medicare Physician Fee Schedule.
- II. Cuts include the expiration of +3.75% increase in 2020 for 2021, 3% increase for 2022, and 2.5% for 2023, temporary payment increases.
- III. Cuts include a 1.5% budget neutrality adjustment and a preemptive adjustment in 2024 of 1.25% to the conversion factor.
- IV. Medicare physician payment has been reduced 26% adjusted for inflation from 2001–2023. A continuing statutory freeze in annual Medicare physician payments is scheduled to last until 2026, when updates resume at a rate of 0.25% per year indefinitely, well below inflation rates.
- V. Cuts do not include sequester cuts -2% to last until 2032.

Medicare Sequestration = -2%

- I. The Budget Control Act of 2011 required mandatory across-the-board reductions in federal spending, also known as sequestration.
- II. President Obama issued a sequestration order on March 1, 2013.
- III. Medicare sequestration was temporarily delayed from May 2021 through March 2022 due to the COVID-19 pandemic. A -1% Medicare payment reduction was imposed from April 2022 through June 2022, and -2% reduction is in effect since 2022, and will continue until 2032.
- IV. The Protecting Medicare and American Farmers from Sequester Cuts Act impacts payments for all Medicare fee-for-service claims.

PAYGO = -4%

- I. President Obama signed the Statutory Pay-As-You-Go (PAYGO) Act of 2010, which requires across-the-board cuts for certain types of mandatory federal spending if new legislation increases the deficit. A PAYGO sequester has never gone into effect; Congress has always acted to waive the reductions.
 - Since its enactment, PAYGO has been waived by Congress each time.
- II. The COVID-19 relief bill, the American Rescue Plan Act, was passed in 2021 and triggered the reduction due to \$1.9 trillion in spending.
- III. The Office of Management and Budget determined the increased spending should be offset by a -4% reduction in Medicare spending. Under PAYGO, Medicare payments cannot be cut more than 4%.
- IV. If Congress does not act, a sequestration order will be issued within 15 days of the end of the congressional session, and Medicare reimbursement will be reduced by -4% starting in 2024.



If you have any questions, please feel free to contact one of us: Laxmaiah Manchikanti, MD, at drm@asipp.org; Salahadin Abdi, MD at SABdi@mdanderson.org; Ed Whitfield at whitfield@farragutpartners.com; Jeff Mortier at jmortier@rmvblp.com; or Jeff MacKinnon at jmackinnon@rmvblp.com.