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April 20, 2022

VIA ELECTRONIC MAIL

The Honorable Kyrsten Sinema
United States Senate
SH-317, Hart Senate Office Building
Washington, DC 20510

Dear Senator Sinema:

On behalf of the Arizona Medical Association (ArMA) and our nearly 4,000 member physicians, residents, and medical students, I write to convey our serious concerns with a Medicare Payment Advisory Commission (MedPAC) report shared with you on March 15th, 2022, which recommended that Congress allow the freeze in physician fee payments to continue in 2023.

ArMA promotes leadership in the art and science of medicine and advocates for economically sustainable medical practices, the freedom to deliver care in the best interests of patients, and health for all Arizonans. Our organization has been the strongest voice for medicine in Arizona for the last 130 years and we are proud of our patient-centered approach to advocacy and our passion for advancing access to quality health care.

The report fails to consider a myriad of important factors including inflation, increasing practice costs, significant staffing shortages, and the impact of patients delaying treatment due to the pandemic. Over the last 20 years, the cost of running a medical practice has increased 39 percent, but physician pay from CMS has increased by just 11 percent. When adjusted for inflation, this translates to a 20 percent decline in Medicare physician payment over that period, the current spike in inflation will only widen that gap. Wage increases over the last year have been even greater than the rate of inflation. Many healthcare entities simply cannot keep up and this will have a tremendous impact on the ability to provide care for our patients. Reality is that a freeze on payment rates actually becomes a cut when inflation is properly factored in.

Further, the report mistakenly argues that the relief funds provided over the last two years will cover the lost volume during the pandemic and that case volume will rebound as physicians are able to address the backlog from 2020 and 2021. While immensely appreciated, these relief funds only helped physician practices remain viable through the COVID era's high costs and low revenues. Beginning February of 2020, physicians averaged a 32% drop in revenue as their in-person visits dropped dramatically. The theory that patients would return in droves for delayed care simply has not been substantiated by data.

Ultimately, MedPAC was misguided when they stated that this would not impact access to care. It should be no surprise that 1 in 5 physicians are considering leaving their current practice within two years. The freeze will worsen access to high quality care by undermining primary care practices and driving consolidation, particularly in rural and underserved communities. Our patients deserve a robust Medicare system that preserves their access to care. Additionally, commercial payer contracts are typically tied to Medicare rates, thus this will limit payments across the board – not just for Medicare patients.

ArMA urges you to work with the physician community to develop workable solutions for the Medicare physician payment system that accounts for economic realities and keeps pace with inflation.

Respectfully,



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