



## **H.R. 8163, *Provider Reimbursement Stability Act*** Rep. Murphy (R-NC), Rep. Suozzi (D-NY)

### **Background:**

- The Medicare Physician Fee Schedule (PFS) – responsible for reimbursing physicians and other practitioners for health care services covered by Medicare – is an **outdated payment system**.
  - The PFS was established in 1992 with **many provisions remaining unchanged; it defers broad implementation** authority to the Centers for Medicare & Medicaid Services (CMS).
- The current Medicare physician payment system is especially **harmful to independent medical practices** that **preserve patient choice** and **keep care costs low**.
  - **Physicians experienced a 33% reduction in Medicare payments** since 2001.
  - **There are 30% fewer doctors in independent practice** today compared to 30 years ago.
  - **53% of physicians** said **Medicare reimbursement cuts** were a major factor in choosing to consolidate over remaining independent.
- Medicare physician payment is **outdated, unpredictable, and overdue for modernization**.
  - The PFS is subject to **artificially low** “budget neutrality”, ensuring that any CMS policy change resulting in a significant increase in spending – **with a threshold set in 1992** – is offset by reductions to other services or overall PFS reimbursement.
  - What’s worse, CMS is notorious for **incorrectly predicting** the impact of their policy changes, resulting in **large, unjustified, year-over-year payment cuts**.
    - “Transitional care management” codes introduced in 2013 were **overestimated by approximately \$700 million**.
    - A new primary care code proposed in 2020 was **overestimated by approximately \$1 billion**, resulting in a **10% decrease to PFS payments**.
  - CMS is **slow to update critical data inputs** needed to establish PFS reimbursement.
    - In 2022, CMS updated clinical labor rates for the **first time in 20 years**, causing a large swing in reimbursement evaluations.

### **H.R. 8163, *Provider Reimbursement Stability Act*:**

- **Improves and modernizes** the PFS to **promote stability** and **patient access to care**:
  - **Modernizes budget neutrality rules** by increasing the payment threshold to present day values and indexing it to inflation.
  - **Improves transparency and accountability** by requiring CMS to compare policy change cost estimates with actual utilization data and provide correction adjustments if **inaccurate cuts were made**.
  - **Provides payment predictability** by preventing CMS from making changes to the PFS that would result in **year-to-year changes greater than 2.5%**.
  - **Promotes payment accuracy** by requiring CMS to incorporate **more frequent and accurate cost inputs** when determining the value of services.