



December 2, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Leader McCarthy, Majority Leader Schumer, and Leader McConnell:

On behalf of the more than 690,000 physicians our organizations represent, we greatly appreciate your commitment to support Medicare beneficiaries and the physicians who treat them. Our organizations were pleased that at the end of 2020 Congress enacted H.R. 133, the Consolidated Appropriations Act of 2021, that provided a temporary one-year 3.75 percent conversion factor increase to all services under the Medicare Physician Fee Schedule (MPFS) for calendar year (CY) 2021. This increase helped to substantially mitigate the cuts that were expected from the required budget-neutrality (BN) adjustment to some physician payments and provided much-needed relief to all Part B clinicians who suffered financially as a result of the COVID-19 pandemic. **However, all physician services under Medicare will again be subject to reductions due to the application of BN in 2022 unless Congress steps in to stop it.**

Our organizations are also appreciative for the continuing resolution (CR) released today that would avoid a federal government shutdown until February 18, 2022. An extended shutdown could bring critical health care programs to a halt and possibly affect patient care if physician payments were disrupted. However, we urge Congress to include language in the CR to extend the 3.75 percent payment adjustment through at least CY 2022. With CY 2022 only a few short weeks away, a CR that funds the federal government into 2022 removes the legislative opportunity to include an extension in “must pass” end-of-year appropriations bills. We are concerned that failure to prevent these BN cuts to Medicare payments could strain our physicians who are still contending with the pandemic and other challenges to the health care

system, and thus negatively affect patient access to care. One-third of primary care practices reported in an August 2021 survey that they had been unable to make-up that lost revenue.ⁱ

There is strong bipartisan support to extend the 3.75 percent payment for CY 2022: 247 bipartisan House members signed a “[Dear Colleague](#)” letter--led by Rep. Ami Bera (D-CA) and Rep. Larry Bucshon (R-IN)—that urged Congress to take action to avert this Medicare payment cut before the end of the year. Reps. Bera and Bucshon followed up by introducing legislation, the [Supporting Medicare Providers Act of 2021, H.R. 6020](#), to extend the 3.75 percent payment for an additional year. Millions of seniors rely on the Medicare program, and we must work to ensure it remains a robust and dependable option for those who need it the most.

We would also like to highlight an important positive payment adjustment in the CY 2022 MPFS final rule: CMS plans to update practice expense (PE) payments to reflect current clinical labor wage data. The agency has been relying on U.S. Bureau of Labor Statistics wage data from 2002, meaning that Medicare physician payments have not been updated to reflect the rising cost of employing nurses, medical assistants, and other clinicians in nearly twenty years. Since 2002, the mean annual wage for registered nurses has risen by \$30,152 or 60 percent, and the mean annual wage for medical assistants has risen by \$11,580 or 46 percent, and physicians have been absorbing these increased costsⁱⁱⁱⁱ. Physician practices are not only struggling to keep their doors open due to unrelenting financial strain, but they are also suffering from worsening staffing shortages. A recent survey found that 27 percent of primary care practices have clinician positions they cannot fill, which is negatively impacting their ability to care for patients.^{iv} Updating Medicare payment for clinical labor is needed to ensure that physician practices can adequately pay and retain or recruit their clinical staff. **We urge Congress to support CMS’ plan to begin updating clinical labor pricing on January 1, 2022.**

Unfortunately, because PE payments (which are comprised of clinical labor, medical supplies, and equipment) are fixed, the increase in clinical labor means that clinicians who rely heavily on expensive equipment would see payment reductions for certain services in 2022. CMS opted to phase in the update over four years to blunt the negative impact; however, these cuts underscore the need for Congressional action to extend the conversion factor adjustment to help protect all clinicians from the negative impact of BN.

Our organizations would welcome the opportunity to work with Congress to address the impending expiration of the 3.75 percent conversion factor adjustment, as well as the long-term challenge that budget neutrality imposes on the MPFS that precipitated these cuts. **We urge Congress to act quickly to prevent the expiration of the 3.75 percent payment adjustment that helps mitigates BN Medicare cuts before the end of the year.**

Sincerely,

American Academy of Family Physicians
American Academy of Pediatrics
American College of Obstetricians and Gynecologists

American College of Physicians
American Osteopathic Association
American Psychiatric Association

ⁱ Quick COVID-19 Primary Care Survey: Series 30 Fielded August 13-17 2021. The Larry A Green Center. Available at: https://static1.squarespace.com/static/5d7ff8184cf0e01e4566cb02/t/615653643c3097648325ce4c/1633047398171/C19_Series_30_National_Executive_Summary.pdf.

ⁱⁱ Nursing and the Great Recession. U.S. Bureau of Labor Statistics. July 2017. Available at: <https://www.bls.gov/opub/mlr/2017/article/nursing-and-the-great-recession.htm>

ⁱⁱⁱ Occupational Employment and Wages, May 2020: Registered Nurses. U.S. Bureau of Labor Statistics. Available at: <https://www.bls.gov/oes/current/oes291141.htm>

^{iv} Quick COVID-19 Primary Care Survey: Series 28 Fielded April 9-13 2021. The Larry A. Green Center. Available at: <https://static1.squarespace.com/static/5d7ff8184cf0e01e4566cb02/t/608025b52bcda1342b1296b5/1619010998067/C19+Series+28+National+Executive+Summary.pdf>