

2023 Issue Brief Medicare Reimbursement Cuts

Issue

Providers have faced close to 10% cuts in Medicare reimbursement for the past two years. Providers now face a 3.4% cut to Medicare Part B reimbursement payments. Part B reimbursement has weathered three years of consecutive cuts, amassing a 6% cut to Part B payment rates. Congress must ensure Medicare's reimbursement reflects the cost of delivering high-quality care to patients. Congress intervened in December 2021 and 2022 by temporarily pausing some of these cuts. However, while the passage of this legislation provided critical financial relief to multispecialty medical groups and integrated systems of care, obstacles remain. The Medicare cuts, coupled with the ongoing strain on multispecialty medical groups and integrated systems of care due to the COVID-19 pandemic, could further burden providers and patients. If cuts to the conversion factor prevail, providers may be forced to eliminate services, furlough staff, delay investments in social determinants of health and delay hiring, among other measures. A more sustainable system must be developed and adopted so that providers are not subject to similar cuts during this critical time and medical groups can continue caring for their communities. These reductions stem from the following:

Changes to the Medicare conversion factor

The Centers for Medicare & Medicaid (CMS) proposed a conversion factor of \$32.75 for 2024. This is a 3.4% decrease from the 2023 conversion factor of 33.89%. Congress continues to pass temporary patches to the Medicare conversion factor, which converts the relative value units into an actual dollar amount. Medicare updates the conversion factor annually according to a formula specified by statute and, importantly, within the constraints of Medicare's budget-neutral financing system.

AMGA asks Congress to:

- **Pass legislation to increase the Medicare conversion factor**