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March 21, 2025  
Michael Chernew, Ph.D.  
Chairman  
Medicare Payment Advisory Commission  
425 I Street, NW, Suite 701  
Washington, D.C. 20001

**Re: March 6 MedPAC Session – Reforming the Physician Fee Schedule and Improving Payment Accuracy**

Dear Dr. Chernew,

On behalf of AMGA, we appreciate the opportunity to comment on the Medicare Payment Advisory Commission’s (MedPAC) March 6 discussion regarding reforming the physician fee schedule (PFS) and improving payment accuracy. AMGA has consistently engaged with MedPAC on this issue, submitting formal comments in December 2023, March 2024, April 2024, and most recently in January 2025. While we appreciate MedPAC’s ongoing attention to this matter, the reality is clear: Medicare’s physician reimbursement structure is failing, and the time for incremental discussions has passed—decisive action is needed now.

The March 6 session only reaffirmed the Commission’s concerns over the growing gap between Medicare Economic Index (MEI) growth and physician fee schedule updates, a crisis AMGA and its members have warned about for years. Historically, MEI growth exceeded PFS updates by just more than one percentage point per year. However, from 2020 to 2025, this gap has widened dramatically, and projections indicate an even greater disparity through 2034.

This unsustainable payment system is now directly harming patient access to care. AMGA members are already making difficult decisions in response to the 2.83% Medicare Part B conversion factor cut implemented in January 2025, compounded by nearly 11% in cumulative reductions over the past five years. Our latest survey of AMGA member organizations reveals the devastating impact of these cuts<sup>1</sup>:

- 40% of AMGA members have eliminated services for Medicare patients
- 25% have furloughed or laid off clinical staff
- 31% have furloughed or laid off nonclinical staff
- 13% are no longer accepting new Medicare patients in 2025.

These numbers represent real consequences for patients, real financial strain on providers, and an ongoing crisis that will only worsen unless systemic reforms are enacted immediately.

While MedPAC’s discussions often focus on whether Medicare beneficiaries still report “sufficient access to care,” this is a lagging indicator rather than a proactive metric. By the time declines in access are reflected in survey data, damage to the healthcare workforce and patient care delivery will already be irreversible. Current

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<sup>1</sup> [Medicare Cuts Threaten Patient Access to Care, AMGA Press Release, March 4, 2025](#)

physician participation alone in Medicare cannot be conflated with sustainability. Despite MedPAC's historical reliance on surveys showing that a high percentage of physicians accept Medicare, this fails to capture the growing financial pressure that forces practices to restrict services, shift their patient mix, or lay off staff.

AMGA appreciates the Commission's ongoing efforts to improve accuracy in relative value unit (RVU) valuation and reform indirect practice expense payments. However, incremental adjustments will not resolve the fundamental flaw in Medicare's reimbursement structure: its failure to reflect the true cost of providing care.

We urge MedPAC to elevate the priority of ensuring PFS updates are tied to a structured and predictable portion of MEI growth. This should not be treated as a standalone, budget-neutral adjustment, but rather as a necessary step to ensure Medicare reimbursement keeps pace with real-world economic conditions. The current proposal of MEI minus one percentage point may offer some relief, but without a firm update floor, this approach does not provide the long-term stability needed for workforce planning and financial sustainability.

Additionally, weak incentives for Alternative Advanced Payment Model (A-APM) participation remain a significant barrier to value-based care expansion. The current 0.75% update for A-APM participants (versus 0.25% for others), is not strong enough to drive significant participation shifts. If MedPAC is committed to promoting value-based care, it must also push for an overhaul of the entire incentive structure to ensure alignment with financial realities.

To ensure stability in physician reimbursement and protect Medicare beneficiaries' access to care, AMGA urges MedPAC to take the following actions:

1. Immediately recommend reversing the 2.83% Medicare Part B conversion factor cut that took effect in 2025.
2. Advocate for a structured, MEI-based update system with a defined floor to prevent further financial instability.
3. Strengthen incentives for A-APM participation, ensuring meaningful differentiation from standard PFS updates.

We urge MedPAC to use its platform to advocate forcefully for congressional action that will ensure Medicare reimbursement aligns with economic realities. Anything less will result in a further deterioration of access, workforce shortages, and reduced quality of care.

We appreciate your consideration and welcome the opportunity to meet with MedPAC staff to discuss our members' experiences and expertise in Medicare fee-for-service, Medicare Advantage, and value-based care.

Should you have any questions, please contact Darryl M. Drevna, AMGA's Senior Director of Regulatory Affairs, at (703) 838-0033 ext. 339 or [ddrevna@amga.org](mailto:ddrevna@amga.org).

Sincerely,



Jerry Penso, MD, MBA  
President and Chief Executive Officer, AMGA