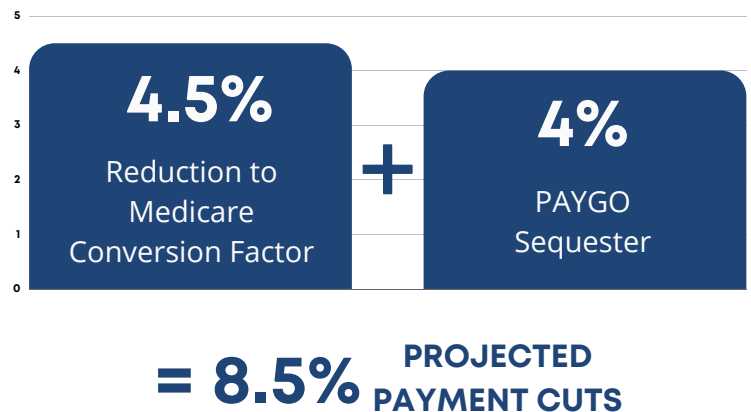


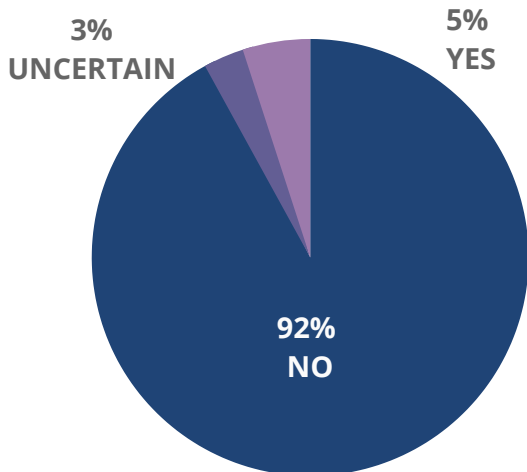


After two years of financial uncertainty due to the ongoing COVID-19 pandemic, practices are once again facing significant projected payment cuts to Medicare in 2023. In 2022, practices absorbed a 2% reduction to Medicare payment with the reintroduction of Medicare sequestration. This is compounded by record-breaking inflation reaching 9.1%. Already challenged with financial constraints and reductions in payment, looking ahead to 2023, group practices face a 4.5% reduction to the Medicare conversion factor and a 4% PAYGO sequester, reducing Medicare payment by at least 8.5%.

PROJECTED MEDICARE PAYMENT CUTS ON JAN. 1, 2023



DOES MEDICARE REIMBURSEMENT IN 2022 ADEQUATELY COVER THE COST OF CARE PROVIDED?



MGMA conducted a survey of 517 medical group practices, ranging from small single provider practices to large 2400 physician health systems across 45 states, assessing the potential impact of such payment cuts to Medicare rates in 2023, and evaluating how their practices would respond to such payment cuts.

According to 92% of surveyed group practices, Medicare rates in 2022, before the projected 8.5% payment cuts take effect, already inadequately cover the cost of furnishing care.

TO OFFSET THE REDUCTIONS IN PAYMENT, GROUPS OF ALL SIZES ARE CONSIDERING WHAT BUSINESS DECISIONS MUST BE MADE TO ENSURE THE FINANCIAL SOLVENCY OF THEIR PRACTICES:

- **58%** are considering **limiting the number of new Medicare patients**;
- **66%** are considering **reducing charity care**;
- **58%** are considering **reducing the number of clinical staff**; and
- **29%** are considering **closing satellite locations**.



“As a regional safety net academic Health System in one of the poorest regions of the country, we will not stop caring for our Medicare patients. However, our ability to maintain a sustainable financial situation will be so challenging. We are already stretched due to increasing labor and supply costs – a cut in Medicare would be beyond anything we could manage.”

- 1,800 PHYSICIAN MULTISPECIALTY GROUP IN URBAN ALABAMA

“This would most likely force us to eliminate 2-3 staff members. With the increased stresses associated with care our staff is already spread too thin. Medicaid reimbursement is dismal and adding Medicare reductions to our already stressed environment will most likely require us to close one of our two satellite clinics.”

- 3 PHYSICIAN FAMILY PRACTICE IN RURAL IOWA

“Staffing is a significant issue, and the practice is under pressure to provide substantial wage increases to cover increases in housing and gasoline while facing a reimbursement reduction. Medicaid will not be seen; Medicare will likely be restricted. We have trouble seeing the patient volume as is.”

- 53 PHYSICIAN CARDIOLOGY PRACTICE IN URBAN TEXAS

CONGRESSIONAL ASK

- ➔ **Provide a 4.5% increase to the Medicare physician conversion factor.** Congress previously appropriated funds in 2022, helping to mitigate the slated cuts due to budget neutrality requirements. This 4.5% increase to the PFS conversion factor will extend the previously enacted funding and prevent additional reductions to Medicare payment in 2023.
- ➔ **Provide an inflationary update** based on the Medicare Economic Index (MEI).
- ➔ **Waive the 4% PAYGO sequester** resulting from legislation unrelated to Medicare (American Rescue Plan in 2021).