

## AMA URGES CONGRESS TO PRIORITIZE PHYSICIAN PAYMENT RELIEF, PRIOR AUTHORIZATION REFORM

Congress must enact Medicare reforms aimed at addressing the steady decline in physician payment and reducing administrative hurdles by tying reimbursement to inflation, streamlining Medicare Advantage prior authorization, and exempting doctors with high approval rates from authorization requirements, according to new American Medical Association (AMA) President Bruce Scott.

Scott flagged four legislative reforms that AMA wants included when Congress crafts a broader package to overhaul how Medicare pays physicians: legislation floated by AMA to reform the current Merit-Based Incentive Payment System (MIPS); a House bill (H.R. 2474) that would link physician reimbursement to the annual inflation rate; and two prior authorization bills -- one in the Senate (S. 4532) aimed at streamlining the process and another in the House (H.R. 4968) that would exempt physicians with high approval rates from prior authorization requirements.

Although the Medicare Payment Advisory Commission (MedPAC) anticipates a 3.6% increase in practice expenses under Medicare's economic index, CMS has recently finalized a 2.8% cut in the 2025 Medicare physician payment schedule. This marks the fifth consecutive year of reductions. While Congress has previously stepped in to soften the impact, lobbyists are now pushing for a more permanent solution to avoid the need for repeated, short-term fixes.

The rising costs of running a practice due to inflation, combined with stagnant or declining reimbursement rates, are putting significant financial pressure on physician practices, according to Scott. He views this as a major threat to patient access to care, which is why it has become the AMA's top advocacy priority.

"My practice, we suffer from this inflationary thing. My rent is higher, my equipment is higher, the technology is higher, and my staff come to me because they need a raise," Scott said. "I mean, they face the inflation at the grocery store, at the gas station, and so my salaries have gone up, and meanwhile, Medicare payments have gone down."

To address this issue, the AMA is pushing Congress to pass Rep. Raul Ruiz's (D-CA) Strengthening Medicare for Patients and Providers Act (H.R. 2474), which would link physician reimbursement to the annual inflation rate, replacing the current system that often leads to payment cuts. Despite having 152 cosponsors, including a handful of Republicans, the bill remains stalled in the House Energy & Commerce health subcommittee, with no signs of progress and no companion bill in the Senate.

Besides the payment cuts, Scott said that the biggest issue that physicians face is the administrative burdens due to prior authorization, where insurance companies must approve a treatment before doctors can proceed. Prior authorization has drawn heavy criticism from advocates and lawmakers, who argue that insurance companies deny medically necessary procedures and force doctors to waste valuable time on paperwork.

"Right now, studies show that physicians spend two hours on administrative burden for every one hour of taking care of patients. So, we're getting paid less to do more," Scott said. "And at the same time, we've got a physician shortage, a provider shortage, yet we're having physicians spend their time doing administrative hassles and administrative work."

He noted that over 90% of physicians report that prior authorization delays are negatively impacting patient care, with 24% witnessing serious adverse events like hospitalization or disability as a result.

AMA is urging Congress to address these prior authorization issues by passing two key bills.

The first is Sen. Roger Marshall's (R-KS) Improving Seniors' Timely Access to Care Act (S.4532), which seeks to increase transparency and reduce delays in the prior authorization process. A large group of health care stakeholders back the bill, and the American Psychiatric Association recently called on Congress to pass this legislation, as well, saying that physician payments lagged 29% behind the rate of inflation growth since 2001. Marshall recently said the bill's score has been reduced to zero by the Congressional Budget Office, thanks to CMS issuing a rule earlier this year calling for electronic prior authorization -- meaning the federal government is already paying for a large piece of what the original bill called for. The original bill stalled due to its high cost.

The second proposal is Rep. Michael Burgess's (R-TX) GOLD CARD Act (H.R. 4968), which would exempt physicians from prior authorization requirements under Medicare Advantage plans if at least 90% of their requests were approved in the previous plan year. Although the bill stalled in the Ways & Means Committee last Congress, it has been praised by lobbyists, including the Medical Group Management Association, who have long advocated for gold card policies as a way to improve patients' access to timely and high-quality care. However, groups like AHIP have expressed concerns, previously telling CMS that gold card programs have mixed results and are more effective for some services than others, emphasizing the importance of performance reviews for physicians using such cards.

Scott said that the main purpose behind prior authorizations is to save insurance companies a few dollars. However, rather than saving money, prior authorization actually drives up health care costs due to the delays and the harm inflicted on patients.