



Bipartisan bill would stabilize Medicare physician pay for 2025

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Kevin B. O'Reilly

Senior News Editor

Editor's note: CMS has finalized the 2025 Medicare physician pay schedule that has physicians in line for a 2.8% cut in pay, despite a 3.5% rise in the MEI.

"To put it bluntly, Medicare plans to pay us less while costs go up," Dr. Scott said in an AMA statement. "You don't have to be an economist to know that is an unsustainable trend, though one that has been going on for decades. For physician practices operating on small margins already, this means it is harder to acquire new equipment, harder to retain staff, harder to take on new Medicare patients, and harder to keep the doors open, particularly in rural and underserved areas."

What's the news: Following AMA advocacy in leading the charge to reform the Medicare payment system, a bipartisan group in the U.S. House of Representatives has introduced a bill that would provide a 4.7% payment update in 2025. The measure would eliminate the 2.8% Medicare physician payment cut slated for Jan. 1 and provide a positive payment update that is equal to one half of the Medicare Economic Index.

"The introduction today of a bill to stop the ruinous Medicare payment cut that is scheduled to go into effect Jan. 1 is a vital sign that Congress is poised to act. Lawmakers must take action during the lame-duck session," AMA President Bruce A. Scott, MD, said in a statement, referring to the period of congressional activity after the November elections and preceding the start of next session of Congress in January.

The physician payment increase contained in the measure—H.R. 10073, the Medicare Patient Access and Practice Stabilization Act of 2024—is similar to the recommendation made by the Medicare Payment Advisory Commission. The bill was introduced by Reps. Greg Murphy (R-N.C.), and Jimmy Panetta (D-Calif.), along with several cosponsors. Visit the AMA's Fix Medicare Now website to tell your representative to cosponsor the bill.



This promising legislative development comes on the heels of a bipartisan majority of the House of Representatives signing onto a letter urging House leadership (PDF) to “expeditiously pass legislative fixes” to stop the “harmful” pay cut and give doctors an update “that takes into account the cost of actually delivering care to patients.”

The 2.8% reduction proposed in the 2025 Medicare Physician Fee Schedule (MPFS) marks the fifth consecutive year that the Centers for Medicare & Medicaid Services’ (CMS) pay-schedule proposal lowered payments to physicians and other clinicians. Combined with CMS’ estimate that practice-cost expenses will rise by 3.6% in 2025, doctors would see a 6.4% effective cut in Medicare physician payment absent congressional action.

Why it matters: The bipartisan letter to House leadership noted that “while Congress has stepped in in the past four years to pass legislation to mitigate portions of these cuts, the fact remains that the MPFS is inherently broken. Continued payment cuts undermine the ability of independent clinical practices—especially in rural and underserved areas—to care for their community, which reduces patient access to care.”

The lower payments to physicians have resulted in practice hiring freezes, delayed system improvements and care model changes—including transitioning to value-based care systems—and cutting services offered to patients.

“Because health care often comprises a large percentage of employment in rural areas, the closure of independent practices not only lessens patient access to care, but also jeopardizes the livelihood of rural Americans,” the letter told House leadership.

The AMA’s research shows that physician Medicare pay, when adjusted for inflation, has dropped by 29% since 2001 (PDF). Meanwhile, the MPFS itself highlights the fact that rent, paying staff and buying supplies are all expected to increase even more in 2025.

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Without changes to the system, the Medicare program is on an unsustainable path where access to care is threatened, the AMA has told Congress for a number of years. Temporary patches aren't sustainable and a rational payment system would better meet Americans' needs.

To fix the system over the longer term, the AMA supports the bipartisan Strengthening Medicare for Patients Providers Act, that would provide physicians with an annual Medicare payment update tied to the Medicare Economic Index. It also supports the bipartisan Provider Reimbursement Stability Act, which would reform the Medicare payment schedule budget-neutrality policies by, among other things, requiring CMS to reconcile inaccurate utilization projections based on actual claims and prospectively revise the conversion factor accordingly.

Learn more: Find the resources you need to advocate for Medicare physician payment changes at the AMA's Fix Medicare Now website, which includes a link to help you contact your elected officials.

Available resources include a printable Fix Medicare Now flyer (PDF) that can be hung in waiting areas to let patients know that the Medicare payment system is on an unsustainable path that threatens their access to physician. It includes a large QR code for patients to access



FixMedicareNow.org where they can learn more about the physician Medicare payment issue, share their personal stories and contact their members of Congress to help ensure their continued access to high-quality care.

Also available for download is a printable, one-page document that spells out what patients should know (PDF) about Medicare payment reform, including an explainer on how the Medicare payment system works and why it is unsustainable. It also contains a QR code to the Fix Medicare Now site.

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