

# Decoding the Future of Reimbursements and Payment Policies

## (A Focus on Medicare)

**Bruce A. Brod, MD, MHCI, FAAD**

**Clinical Professor of Dermatology**

**Associate Dean of Continuing Medical Education and Interprofessional Collaboration**

**Perelman School of Medicine**

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# Why does Medicare Payment Policy Matter?



**Ensuring Fair Compensation**



**Improving Patient Access**



**Enhancing Practice Viability**



**Supporting Healthcare Equity**



**Fostering a Sustainable Healthcare System**



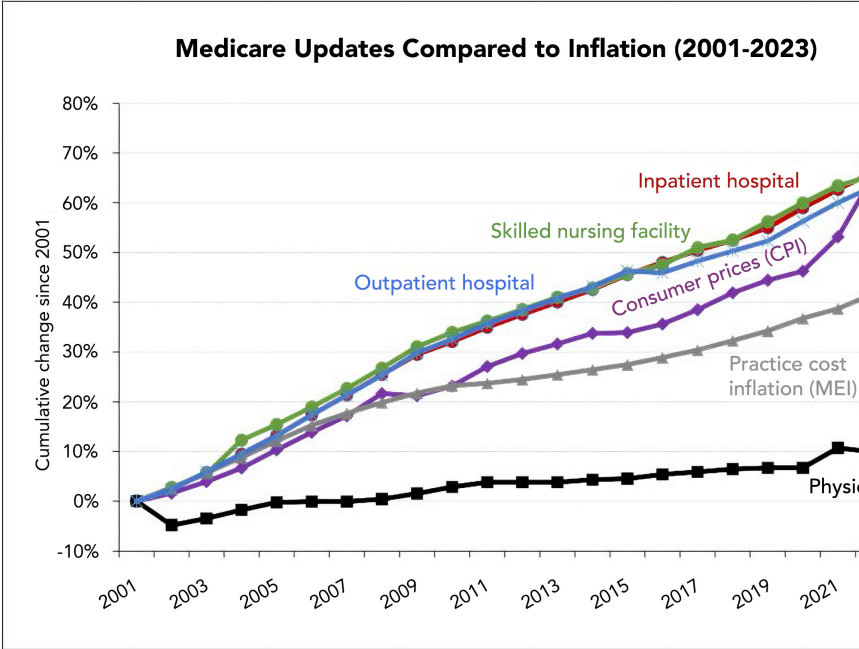
**Benchmark for third party reimbursement**

# Medicare



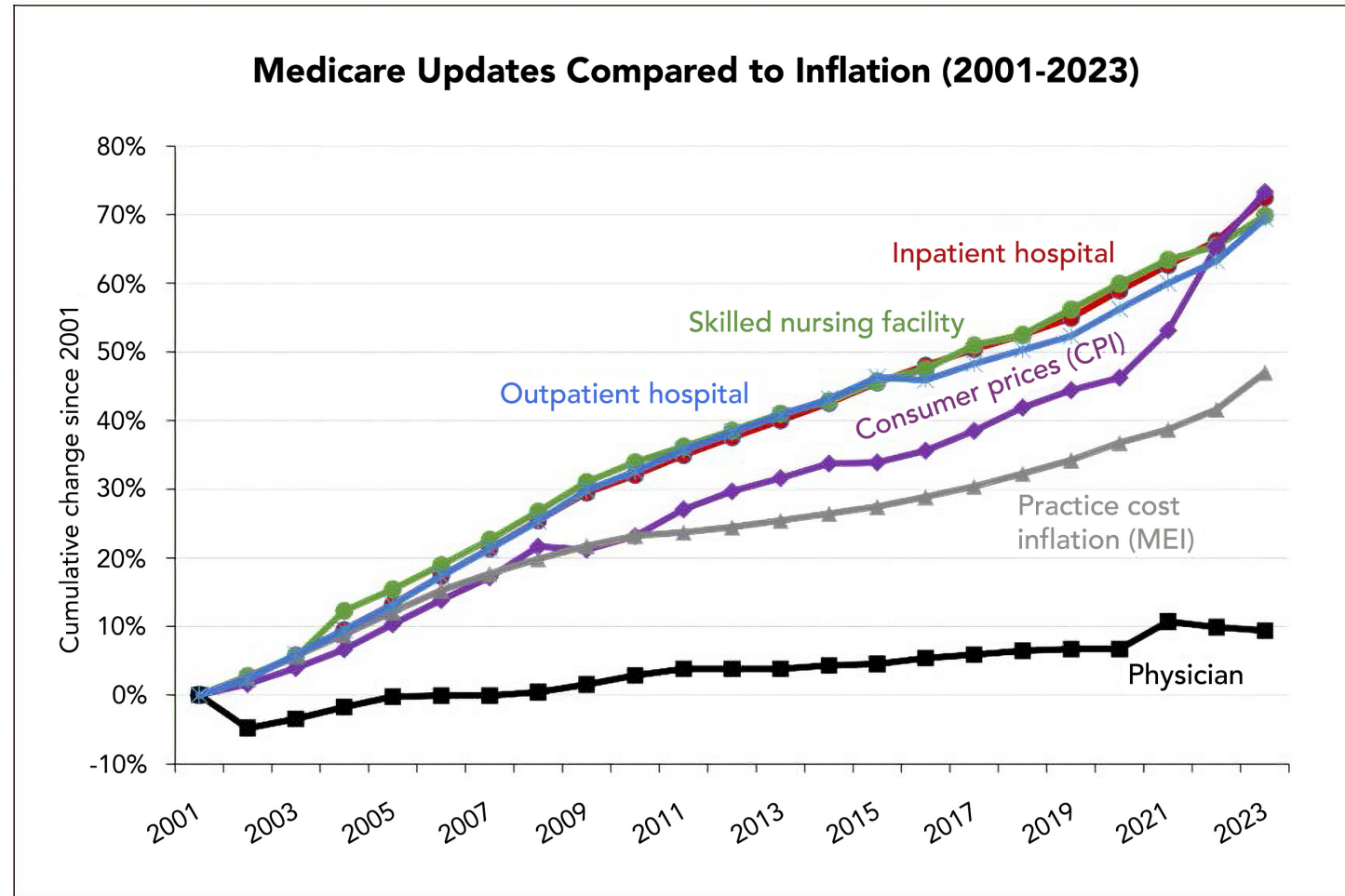
# We are being Squeezed

# Private Insurers



- 25 modifier reduction of E/M
- E/M leveling
- Procedural Prior Authorization

# Physician Payment is not keeping pace with inflation



# The Problem

## A Broken Medicare Payment System

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**NO INFLATION-  
BASED UPDATES**



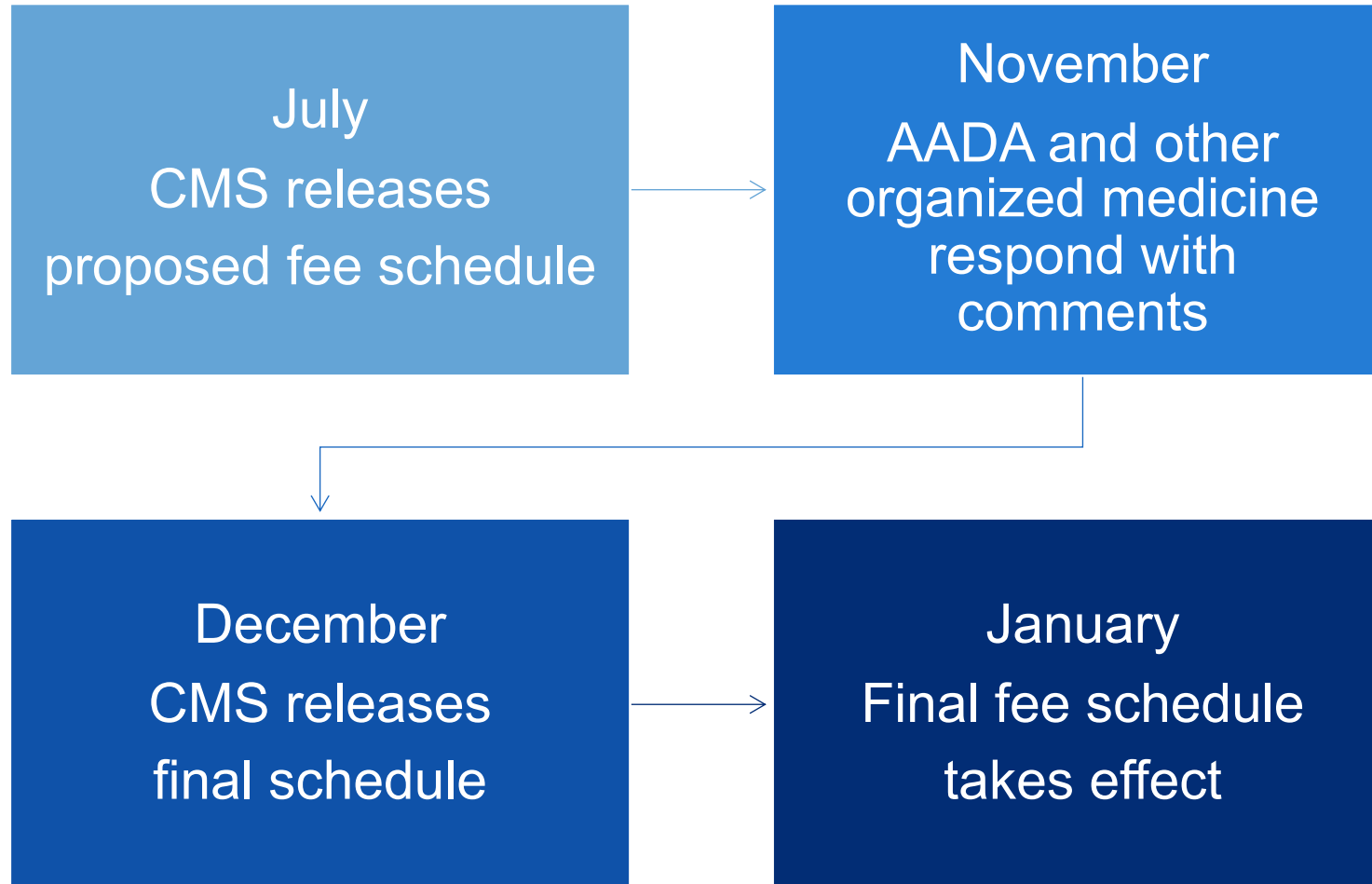
**BUDGET  
NEUTRALITY**



**A BROKEN QUALITY  
PAYMENT PROGRAM**

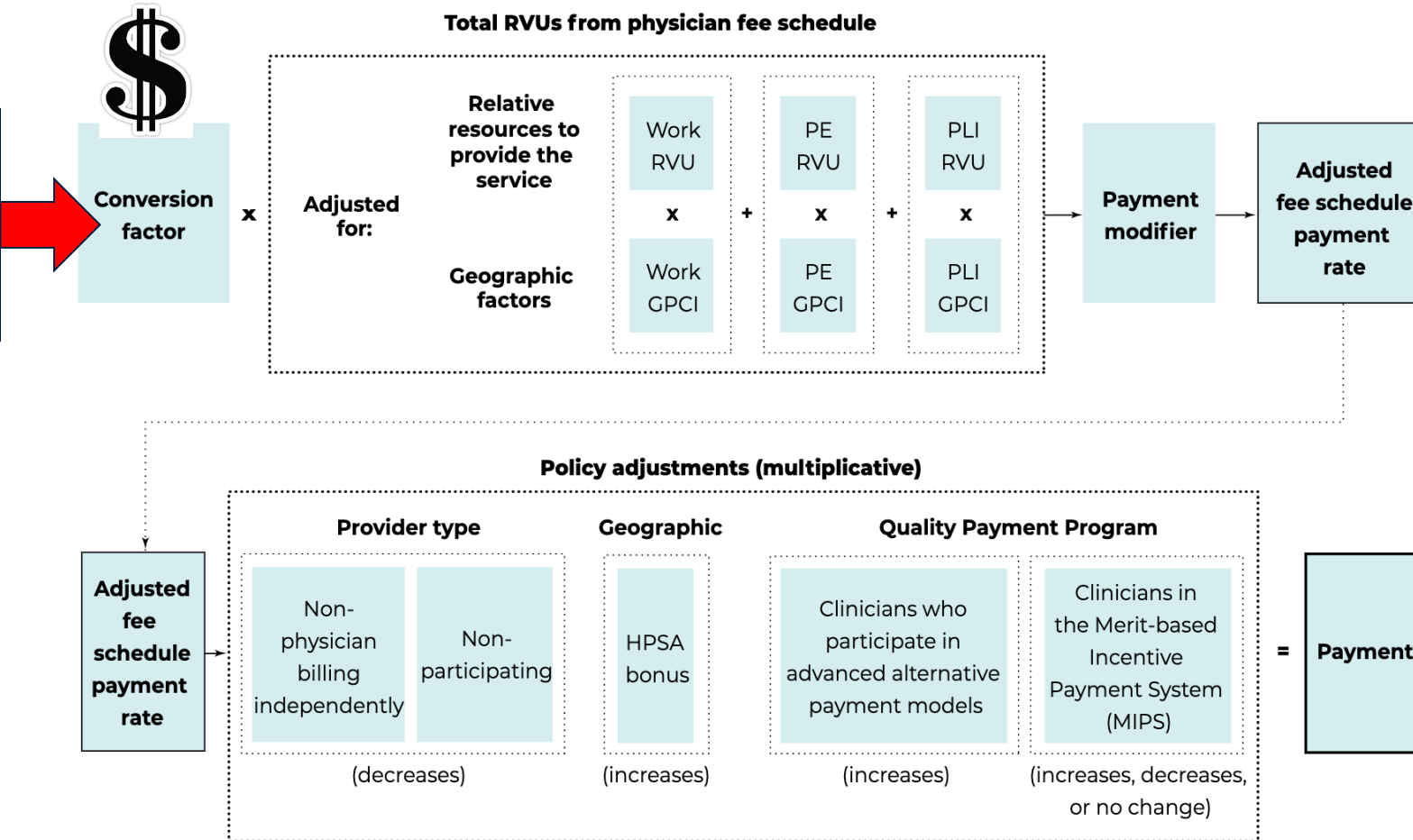
# How does Medicare (CMS) propose our payment? We do this every year

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# A Peak Under the Hood

Inflation based updates  
Budget Neutrality



# A History of Medicare Physician Payment

## Timeline of Major Provisions Impacting the Medicare Fee Schedule

1985 - 1994

(1989) Congress introduced the first physician fee schedule under the Omnibus Budget Reconciliation Act of 1989

(1991) AMA Specialty Society RVS Update Committee (RUC) established

(1992) Physician fee schedule phased into use

1995 - 2004

(1997) SGR Formula Introduced under the Balanced Budget Act of 1997

(2003- 2004) Congress acted twice to avoid a reduction in fees under the SGR

2005 - 2014

(2006 - 2014) Congress acted 15 times to avoid a reduction in fees under the SGR, including 3 temporary increases to physician Payments

### The Doc Fix Era

(2014) CBO scored the cost of repealing the SGR and replacing With MEI at 200 billion dollars

2015 - 2024

(2015) Congress passed MACRA

(2017) Quality Payment Program (QPP) launched

(2019)) Bonus Payments for APM clinicians began

(2021) E & M payments increased

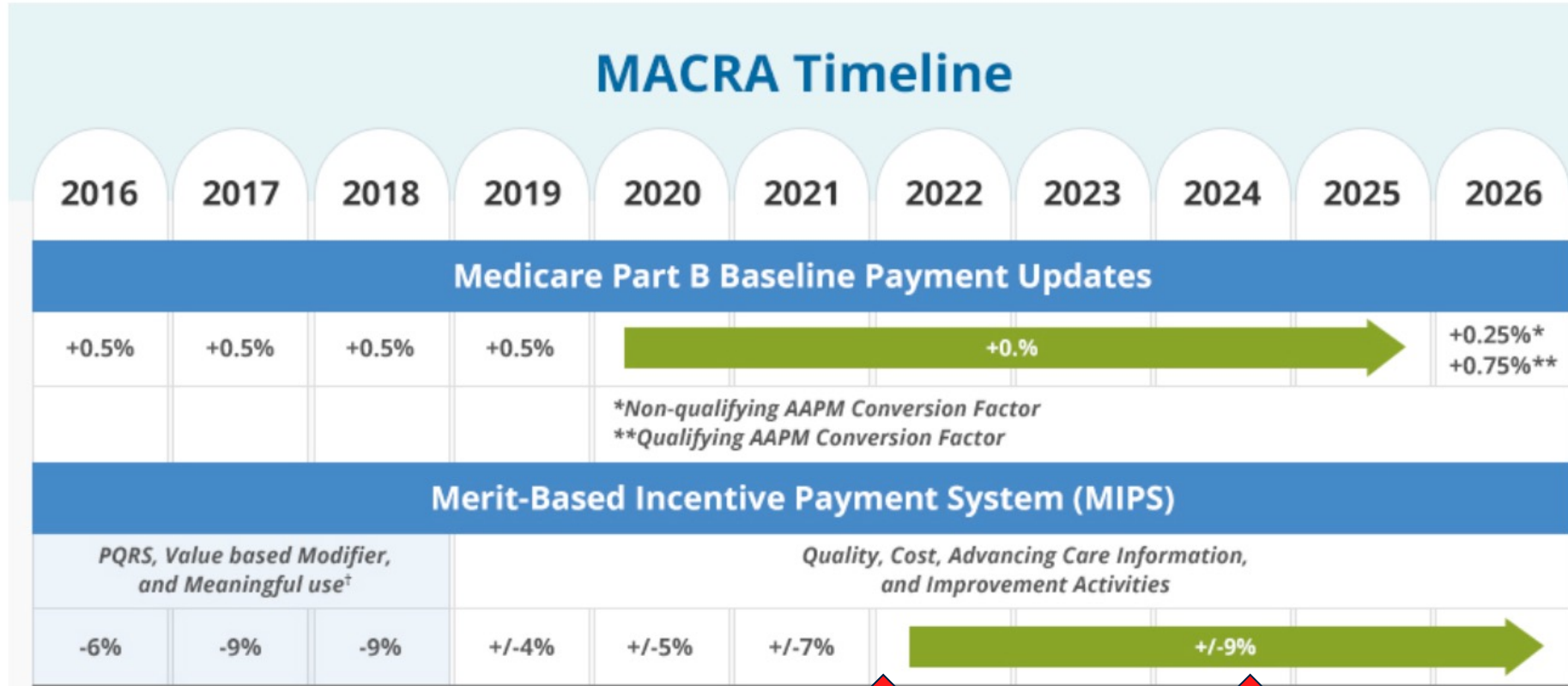
(2021- 2023) Congress provided 4 temporary fixes to payments

(2024) Congress reduced a 3.37% cut to a 1.7% cut in physician payments





# The MACRA Era: 2015 – Present Day



↑  
New E /M Codes  
impacts budget neutrality

↑  
G2211 impacts  
budget neutrality

# Three Years of Payment Cuts

## **2022 –0.75% CF cut in Jan. 2022**

- ✓ Late 2021, added 3.0% to CF, waived 4% “PAYGO” cut, phased in 2% sequester
- ✓ Initial 0.75% cut, increased to 2.75% with sequester phase-in

## **2023 –2% cut in Jan. 2023**

- ✓ Late 2022, added 2.5% to CF in 2023, waived 4% PAYGO cut, netting 2% cut
- ✓ ALSO, added 1.25% for CF in 2024, and waived 4% PAYGO cut in 2024

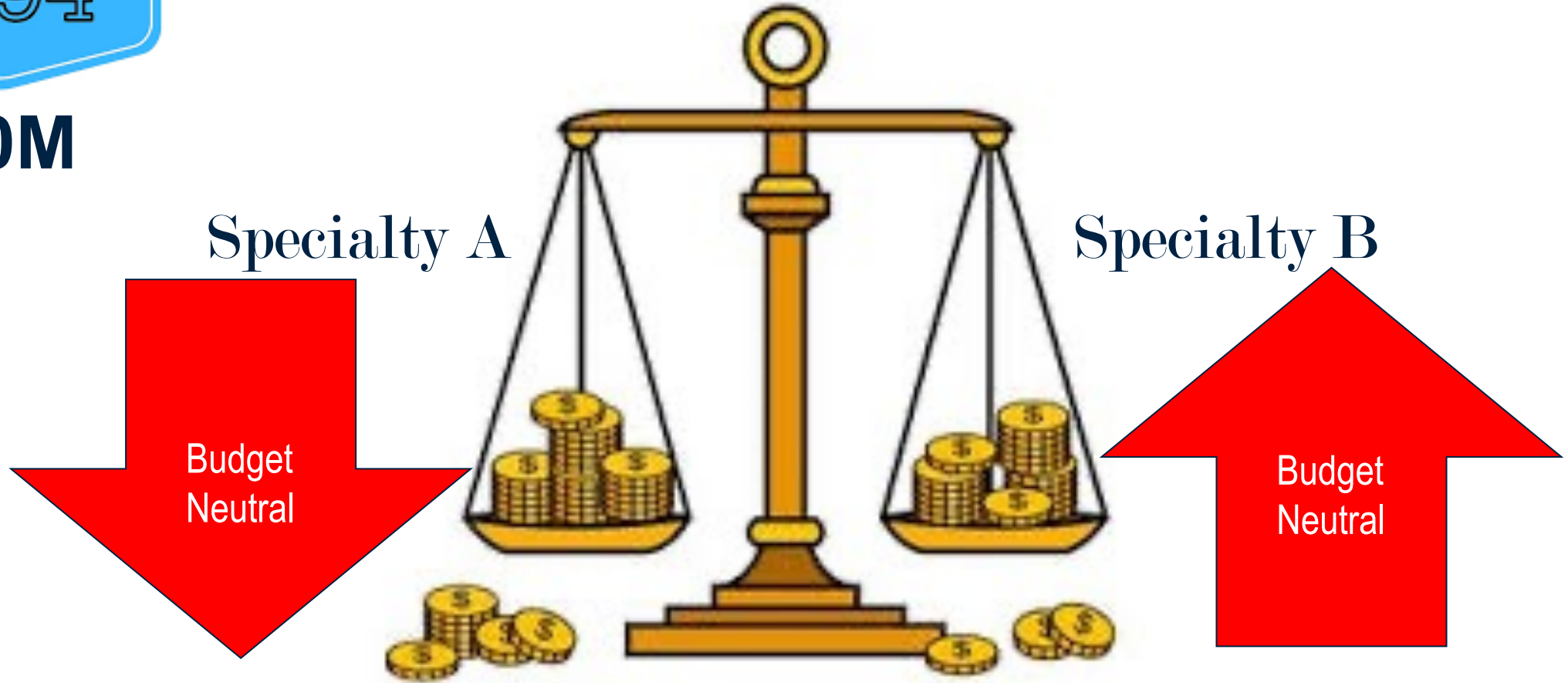
## **2024 – 1.69% cut in March 2024, prior 3.37% cut for from Jan 2024 to March 2024**

- ✓ March 2024 added 1.68% for CF starting March 2024
- ✓ Prior year added 1.25% for CF in 2024, and waived 4% PAYGO cut in 2024

# Budget Neutrality is Antiquated

ESTABLISHED SINCE  
**1994**

**\$20M**



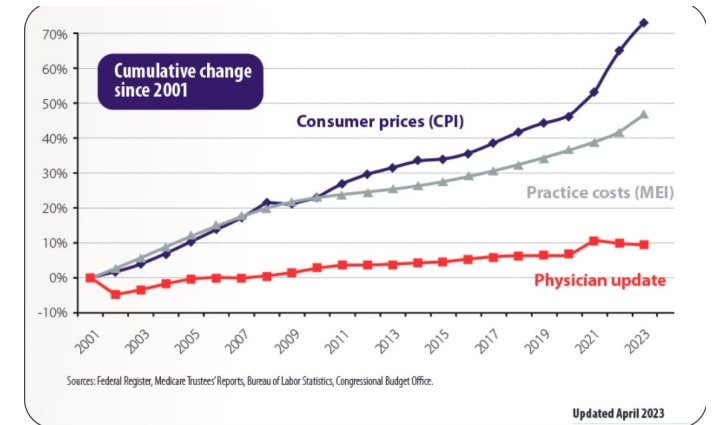
# Medicare Economic Index MEI Ignored and Forgotten

▶ MEI established in 1975

▶ MEI is based on physician practice costs and physician compensation

▶ SGR for all intents and purposes superseded and negated MEI

▶ MACRA eliminated the use of MEI



# Is Congress Double Dipping Budget Neutrality with QPP?



Payment Year	Bonus Range	Clinicians Receiving a Cut
2019	.2 - 1.88%	5%
2020	.2 - 1.68%	2%
2021	.09 - 1.79%	<1%
2022*	.1 - 1.87%	2%
2023	.18- 2.34%	3%

Source: 2017 - 2021 CMS Quality Payment Program Experience Reports

## Strengths

Majority House of Medicine  
MedPAC Support  
Current Engagement

## Weaknesses

Congressional Inertia  
Competition for dollars  
Primary v Specialty

SWOT Analysis  
Medicare  
Payment

## Opportunities

Build Grassroots  
Form Coalitions  
Existing relationships  
Educate Freshman Congress

## Threats

Debt Ceiling  
Competing Priorities  
Partisan Politics



# We Can Do Our Part

## Level 1 Low Hanging Fruit (Click of a Button Activities)

- Respond to American Academy of Dermatology (ADSA, AMA etc) Grassroots alerts emails
- Donate to SkinPAC

## Level 2 Moderate Effort

- Alert the American Academy of Dermatology on private payer issues: [privatepayer@aad.org](mailto:privatepayer@aad.org)
- Attend the Annual AAD Legislative Conference in Washington, DC September 8 – 10, 2024
- Involve patients - Post grassroots alerts to Fix Medicare for patients in your office

## Level 3 More Intense Effort

- Invite members of Congress to your office and attend their fundraisers
- Host a fundraiser for members of Congress



Thank You

[bruce.brod@pennmedicine.upenn.edu](mailto:bruce.brod@pennmedicine.upenn.edu)

