

# Medicare Payment Reform: What Patients Need to Know

The current Medicare payment system threatens patients' access to physicians and the need for change is becoming greater than ever.



## Today, 1 in 4 Medicare beneficiaries

experience delays of more than one month in seeing a physician or completing preventative tests and screenings. Continued pay cuts will exacerbate these delays.



Age 65+

The number of Americans ages 65 and older is projected to increase from **58 million in 2022 to 82 million by 2050, a 47% increase.**

## How does Medicare payment work?

On a yearly basis and through a complex process, the Centers for Medicare and Medicaid Services (CMS) determines the next year's Medicare payment rates for all physician services (everything from an office visit to a surgery to an X-ray) based on a variety of data sets, formulas and requirements set by law. CMS assigns relative value units (RVUs) that are intended to reflect the relative amounts of physician work and other practice resources involved in providing each doctor service, which are then multiplied by a conversion factor that translates those RVUs into dollar payment amounts. When new services are added to the program or when significant changes in RVUs for some services are made and cause Medicare's projected payments for the year to be higher as a result, adjustments are made to the conversion factor to reduce payments across-the-board to maintain "budget neutrality."

Once physicians find out what the payment rates will be for the following year, which usually isn't announced until November, they have to decide whether to be a "participating physician."



If physicians opt-in, this means they will accept the Medicare payment rate along with a 20% patient copayment they are required to charge, as payment-in-full for the services provided.



If physicians opt-out, this means they are able to charge patients a slightly higher copayment for the services provided, although their direct payments from Medicare will also be reduced slightly.

At a time when physicians are facing higher office expenses, they are caught in an annual cycle of payment cuts to maintain overall Medicare budget neutrality.

## Why is the current Medicare payment system unsustainable?

While practice costs have gone up, Medicare physician pay has declined. Since 2001, Medicare physician payments have lagged 29% behind the rate of inflation. When Medicare rates don't keep up with inflation, physicians are forced to make difficult decisions. In some cases, physicians will stop practicing altogether, disproportionately impacting patients in rural and underserved communities.

## How can patients get involved?

Patients can get involved in the fight to fix Medicare. They can:

- ✓ Share Stories
- ✓ Spread the Word
- ✓ Contact Congress

Scan the QR code to visit [FixMedicareNow.org](https://FixMedicareNow.org) and learn more.

