House Hearing on MACRA and the Physician Fee Schedule Spotlights Medicare Reimbursement Issues

On May 20th, the House Energy and Commerce (E&C) Committee's Health Subcommittee held a hearing to examine the Medicare Physician Fee Schedule (PFS), MACRA, and opportunities for payment reform. The hearing displayed a broad bipartisan consensus that the current Medicare physician payment system is unsustainable, particularly for independent and primary care practices.

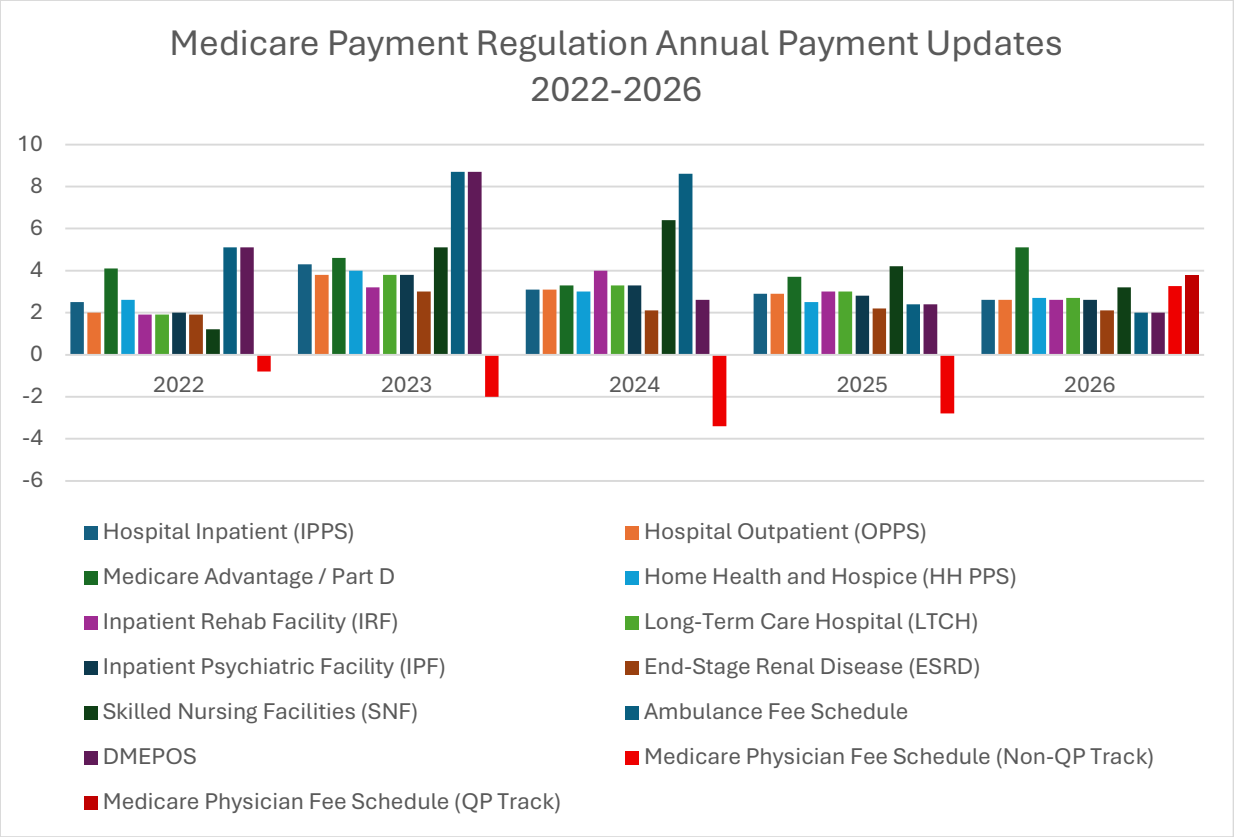
E&C Health Subcommittee Chair Rep. Morgan Griffith (R-VA-9) is a champion for allergists and allergy issues on Capitol Hill. He has publicly shared his personal experience with food allergies and Alpha-gal syndrome.

The hearing included a panel of witnesses representing physician organizations.

Medicare Payment Rates and Inflationary Adjustments

Inadequate Medicare payments to physicians were among the top themes throughout the hearing. There was broad agreement that Medicare payments have not kept up with inflation. According to the American Medical Association (AMA), medical inflation (measured by MEI) has outpaced updates to the Medicare PFS Conversion Factor by 33% since 2001. Subcommittee members from both parties and witnesses endorsed tying Medicare payment updates to inflation. The physician members of the subcommittee were among the most vocal in favor of inflationary updates.

The Medicare PFS is the only Medicare payment regulation that is budget-neutral. For this reason, the PFS is the only Medicare payment regulation to receive net annual decreases over the last five years. The hearing witnesses advocated for reforming budget neutrality. In fact, the House Ways and Means Committee advanced legislation that would cap annual Medicare payment reductions to physicians at 2.5% and give CMS more flexibility in applying budget neutrality.



For the last several years, Congress has had to step in to prevent significant cuts to Medicare physician payments from taking effect. In some cases, such as in 2025, Congress did not act and allowed cuts to take effect. A positive increase for 2026 helped offset this cut, but physicians now face another cut in 2027. These constant cuts and inconsistent fixes create an uncertain and unstable reimbursement environment for physician practices.

MIPS is Not Functioning as Congress Intended

When Congress passed the Medicare Access and CHIP Reauthorization Act (MACRA) in 2015, it did physicians a great service by repealing the flawed Medicare Sustainable Growth Rate (SGR) formula. It replaced the SGR with the Medicare Quality Payment Program (QPP) which offered clinicians two participation tracks: the Merit-based Incentive Payment System (MIPS) or Advanced Alternative Payment Models (Advanced APMs) such as Accountable Care Organizations (ACOs). Most physicians, and certainly most allergists, participate in the QPP through MIPS.

The hearing discussed the many challenges with MIPS, such as inadequate bonus payments and administrative complexity. Subcommittee members from both parties and witnesses criticized the program's quality measures and scoring system. Others discussed how the complexity makes participation especially difficult for small and rural practices. These challenges mean that MIPS is not achieving the goals of improving care quality and efficiency set for it by Congress.

Policy solutions discussed during the hearing include reducing the number of performance measures, better targeting measures, benchmarks for individual specialties, and reducing the reporting burden.

Challenges Facing Independent Medical Practices

The subcommittee and witnesses agreed that these and other issues all contribute to an incredibly difficult environment for independent medical practices. The discussion especially focused on how inadequate Medicare payments add to these pressures. Many independent practices either join large health systems or sell to private equity. In some cases, they close their doors, depriving patients of access to important medical services. Many of the subcommittee members criticized how proponents of consolidation claim that such moves can improve access and reduce costs, finding that this is never what happens in reality.

Conclusion

The hearing validated many of the concerns held by allergists by acknowledging how Medicare policies are contributing to the many challenges facing independent medical practices. It was helpful to see a strong bipartisan consensus for improving how Medicare pays physicians by reforming budget neutrality, annually updating Medicare payments for inflation, and reducing the complexity of programs such as MIPS.

The College's Advocacy Council will continue to prioritize these issues in our advocacy. While these policies would help all physicians, the Advocacy Council is committed to addressing allergy-specific coverage and reimbursement issues, as for example, through our partnership with Congressman Bob Onder (R-MO-3), the only allergist in Congress.

The Advocacy Council - ADVOCATING FOR ALLERGISTS AND THEIR PATIENTS.