3 Major Improvements Medicare Needs

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Recent news stories have focused on the growing debate over "Medicare for All" and "Medicare for More" legislation. However, whatever direction this debate ultimately takes, it is important for politicians on all sides of the issue to acknowledge that the existing Medicare program is deeply in need of reform.

While many aspects of Medicare policy are arguably in need of change, this article will focus on three pressing flaws that adversely affect physicians and patients: excessive regulations that reduce access to care, physician payments updates that have not kept pace with inflation, and the arbitrary cap of Medicare GME funding, which contributes to the physician shortage and disproportionately harms Floridians.

As Florida physicians are well aware, the Medicare program plays a crucial role in our state's healthcare system. Florida is home to the second largest Medicare population in the country, with more than four million residents relying on the program for coverage. This includes more than 2.4 million residents with traditional Medicare coverage and more than 1.9 million residents with Medicare Advantage coverage[1]. Additionally, state forecasters project that close to half of Florida's population growth between 2010 and 2030 will be driven by seniors 65 and older[2].

In short, the impact of Medicare policy on Floridians is difficult to overstate. It is essential to ensure that participation in the Medicare program remains economically viable for physician practices and that excessive regulatory burdens hampering access to care are curtailed.

First, CMS should reduce the quality reporting period under MIPS to 90 days, rather than requiring full-year reporting.

Improvement #1: Reduce regulatory overload

It has been estimated that physicians in ambulatory practice spend roughly two hours on administrative tasks for every hour spent directly interacting with patients[3]. This unfortunate reality hurts physicians and patients in at least two ways. First, excessive administrative requirements reduce the amount of time that physicians spend caring for patients, thereby reducing access to services. Second, they are a key driver of physician burnout[4], which many leading experts consider to be a public health crisis[5].

While physicians face many administrative burdens outside the context of the Medicare program, the increasing complexity of the Medicare payment system forces physicians to spend considerable time and effort reporting superfluous data and recording redundant information in order to receive full reimbursement.

Centers for Medicare & Medicaid Services Administrator Seema Verma has acknowledged this problem and has committed to reducing the burden on physicians through CMS' "Patients over Paperwork" initiative, which is aimed at reigning in Medicare's bureaucratic excess. But despite making some incremental progress, CMS has yet to address numerous regulatory barriers.

For instance, there are still several steps CMS should take to lessen the burden of MACRA and the Merit-based Incentive Payment System (MIPS) through the rulemaking process. First, CMS should reduce the quality reporting period under MIPS to 90 days, rather than requiring full-year reporting. Second, given the official data showing that small practices remain at a disadvantage under MIPS, CMS should increase the small practice reporting bonus and expand the low-volume threshold to create a more level playing field for small practices subject to the program. Finally, CMS should work to swiftly develop additional advanced alternative payment models (A-APMs) that are suitable for physicians across different specialties and practice models, which would give doctors more control over how they are reimbursed under Medicare.

Ideally, these regulatory reforms, which theoretically could be implemented as soon as the next calendar year, would be followed by congressional legislation permanently eliminating the penalties associated with MIPS. These penalties threaten physician practices' economic viability without providing any benefit to patients or society as a whole.

Available evidence suggests that addressing the administrative burden Medicare places on physicians could substantially benefit patients and clinicians in Florida. According to data from the Florida Department of Health (DOH), there are approximately 2,000 physicians in Florida who are not accepting new Medicare patients because of the burden Medicare imposes on doctors in the form of excessive paperwork and billing requirements[6].

Improvement #2: Update the physician fee schedule

Since at least the early 2000s[7], annual updates to the Medicare physician fee schedule (PFS) have not kept pace with inflation. Furthermore, under current law, this will continue for the foreseeable future. In fact, using the Medicare Economic Index (MEI) to account for inflation, CMS' Office of the Actuary has estimated that the real value of Medicare physician payments will decline by 20 percent between 2014 and 2025[8].

The Office of the Actuary acknowledges that this trend toward lower reimbursement cannot continue in perpetuity. As stated in one report, "The implications of the long-range divergence of Medicare physician payment rates from the MEI are significant. ... If Medicare payments were to fall to a fraction of payments based on cost drivers, there would be reason to expect that access to physicians' services for Medicare beneficiaries would be severely compromised, particularly considering that physicians are less dependent on Medicare revenue than are other providers, such as hospitals and skilled nursing facilities. Similarly, the quality of care provided to Medicare beneficiaries would likely not keep pace with the care furnished to other types of patients."

In short, even government analysts agree that the Medicare physician fee schedule will ultimately need to be adjusted to

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provide updates that keep pace with inflation. Unfortunately, unless there is a perception of a crisis, Congress will likely remain slow to address this problem. Nevertheless, it is all but mathematically certain that the Medicare program will become unsustainable if this problem remains unaddressed.

It would behoove lawmakers to act sooner rather than later. Although the majority of physicians in Florida and other states across the nation continue to accept new Medicare patients, Florida DOH data shows that inadequate payment rates are already having a deleterious effect on seniors' access to care. Around 1,100 physicians in Florida report not accepting new Medicare patients because of low compensation[8]. This number will grow if Medicare payment rates continue to decline in real value.

Improvement #3: Create more GME slots

Through the Balanced Budget Act of 1997, Congress limited the number of GME slots eligible for reimbursement under the Medicare program[9]. This legislation had the effect of "locking in" regional disparities in access to federal GME programs, which is a key reason that Florida ranks 40th in the number of residents and fellows per capita[10] despite state lawmakers' considerable effort and progress toward expanding the availability of state-sponsored GME[11]. Currently, Florida would need more than 1,100 additional residents and fellows to reach the state median number of residents and fellows per capita.

Revising or eliminating the limitations on Medicare GME funding could greatly assist Florida with reducing its physician shortage. Although Florida is projected to have a deficit of 3,690 physicians by 2025[12], the Sunshine State has one of the highest GME retention rates in the nation. Physicians who complete their training in Florida tend to stay in Florida, which indicates that expanding access to in-state GME would pay substantial dividends.

Conclusion

As the nation continues debating Medicare's future, it is important for policymakers to recognize the significant problems with Medicare as it stands today. While this is by no means a comprehensive list of Medicare policy issues that require urgent attention, addressing these three issues would be a wise investment toward making the program more efficient and sustainable.

What the FMA is doing

As these pressing federal healthcare policy issues and others are being discussed in Washington, D.C., the FMA is playing an increasingly active role in advocating for change. For instance, the FMA recently partnered with the respected federal lobbyist firm Anway-Long Group to advocate for physicians' interests in D.C. and remains part of the Partnership to Empower Physician-Led Care (PEPC) and other coalition groups. The FMA also continues to advocate directly with federal regulators to ensure that your voice is heard in Congress.

If you have any questions, suggestions or feedback concerning the FMA's efforts to address federal policy matters, please contact us at **communications@FLmedical.org**.

End Notes

1. https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Dashboard/Medicare-Enrollment/Enrollment%20Dashboard.html
2. http://edr.state.fl.us/content/presentations/economic/FIEconomicOverview_12-26-18.pdf
3. https://www.ama-assn.org/practice-management/digital/allocation-physician-time-ambulatory-practice
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6. http://www.floridahealth.gov/provider-and-partner-resources/community-health-workers/physician-workforce-development-and-recruitment/2018DOHPhysicianWorkforceReport-FINALDRAFT.pdf
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8. http://www.floridahealth.gov/provider-and-partner-resources/community-health-workers/physician-workforce-development-and-recruitment/2018DOHPhysicianWorkforceReport-FINALDRAFT.pdf
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