

# PRESERVE ACCESS TO CARE AND LOWER COSTS WITH MEDICARE PAYMENT REFORM



Physicians Caring for Texans

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In the face of an increasingly unsustainable Medicare physician payment system, medicine is calling on congressional leaders to stop the Medicare cuts slated for physicians and adopt a four-point reform plan to address serious concerns regarding patient access and quality of care.

The move follows Medicare's proposal in July of [yet another successive physician payment cut at 2.8%](#). It also comes on the heels of the Medicare Payment Advisory Commission's concern expressed in a July 2024 report to Congress about patients maintaining future access to care as costs are anticipated to continue to exceed growth in Medicare payment rates and as the widening gap between physician and hospital payments "spur(s) additional vertical consolidation in the health care industry."

Consolidation forces more Medicare patients to receive care in a more costly setting. In Texas alone, more than 72% of physicians in Texas are in some sort of contracted arrangement with a large hospital setting or similar entity.

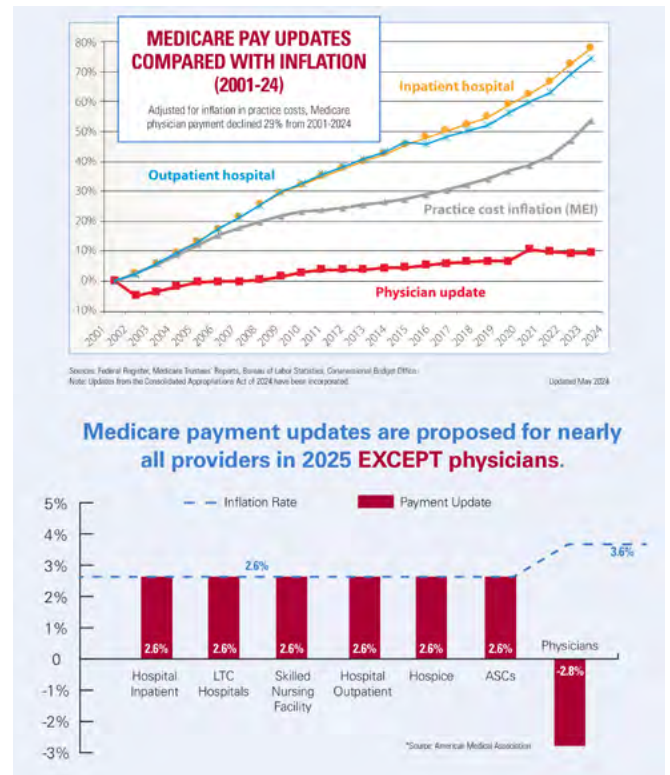
The Medicare physician fee schedule is flawed because it fails to keep up with inflation. Between 2001 and 2024, Medicare physician payments decreased by 29% when adjusted for inflation. Meanwhile, Medicare payments to hospitals and other health care facilities generally have kept pace with inflation, according to the American Medical Association.

**All Medicare providers are proposed to receive positive payment updates in 2025, except physicians who instead will get a pay cut.** Compounded by previous pay cuts, supply shortages, inflation, and regulations from Medicare that are costly to implement or that penalize physicians if they don't implement them correctly – the result is devastating.

## THE SOLUTION

The Texas Medical Association participated in a work group with the American Medical Association and others to develop medicine's four-point policy plan, the pillar of which is prioritization of an annual, permanent inflationary payment update tied to the Medicare Economic Index via passage of [House Resolution 2474](#).

In addition to HR 2474, medicine urges the U.S. House and Senate to enact three complementary policies that include:



- Budget neutrality reforms, such as those included in [House Resolution 6371](#). The bill would implement measures to provide more accurate estimates of physician payments and update federal budget constraints accordingly;
- An overhaul of the Merit-Based Incentive Payment System to remove undue administrative and uneven financial burdens on practices; and
- Modifications to alternative payment models (APMs), such as those put forth in companion measures [Senate Bill 3503/House Resolution 5013](#). The Value in Health Care Act would extend the original 5% APM incentive payments and freeze the 50% revenue threshold for an additional two years.

These reforms would stabilize physician payments and allow for long-term planning and practice investments that facilitate the ongoing delivery of high-quality, patient-centered care.