



April 16, 2025

Paul Masi
Executive Director
Medicare Payment Advisory Commission (MedPAC)
425 I Street, NW, Suite 701
Washington, DC 20001

Dear Mr. Masi:

On behalf of the National Organization of Rheumatology Management (NORM), thank you for the opportunity to provide input on MedPAC's recommendations related to reforming updates to the Medicare Physician Fee Schedule (PFS) that were finalized and approved during the April 2025 public meeting. As rheumatology practice administrators, we manage the day-to-day operations and see firsthand how inadequate payment updates, increasing administrative tasks, and burdensome utilization management make it more difficult to keep practices running and patients cared for.

Feedback on Medicare Physician Payment Recommendations

We are encouraged by the Commission's recognition that current-law updates to the PFS do not reflect inflation or the growing costs of delivering care, and we appreciate the recommendations that aim to increase payments and improve stability in the system. Looking ahead, **we urge the Commission to place greater emphasis—both in future recommendations and in the June report—on the importance of updating physician payments annually by the full Medicare Economic Index (MEI).** This remains the most effective way to ensure financial sustainability for physician practices and preserve access to care. At a minimum, we urge the Commission to include recommend a “floor” of at least 50% of MEI on annual payment updates and appreciate that the chapter will explore the utility of this in more depth.

Without annual updates that keep pace with the actual cost of running a physician practice, our offices—particularly in rheumatology—face growing financial instability. Rising expenses for staffing, technology, medical supplies, and rent are compounded by increasing administrative burdens, placing significant strain on already stretched resources. These burdens include not only quality reporting requirements, such as the Merit-based Incentive Payment System (MIPS), but also increasingly aggressive utilization management practices, including prior authorization and step therapy requirements. Managing these processes demands dedicated staff time and infrastructure, further driving up the cost of care and threatening the long-term sustainability of independent practices. These challenges are especially acute in smaller or rural settings, where margins are thin and resources are limited.

Inadequate updates also contribute to continued consolidation in the healthcare system, as physician practices are increasingly acquired by hospitals and large health systems with greater financial resources. The result is a shift of services into more expensive settings—raising total costs for the Medicare program and its beneficiaries, while reducing patient access and choice. MedPAC has previously raised concerns about provider consolidation and its implications for Medicare spending, and these outcomes run counter to the Commission's emphasis on high-quality, affordable, and accessible care.

Each year, the Medicare Trustees have raised concerns about the long-term adequacy of physician payments under current law. As highlighted in the latest [2024 Medicare Trustees Report](#):

Certain features of current law may result in some challenges for the Medicare program. Physician payment update amounts are specified for all years in the future, and these amounts do not vary based on underlying economic conditions, nor are they expected to keep pace with the average rate of physician cost increases. These rate updates could be an issue in years when levels of inflation are high and would be problematic when the cumulative gap between the price updates and physician costs becomes large... If the health sector cannot transition to more efficient models of care delivery and if the provider reimbursement rates paid by commercial insurers continue to be based on the same negotiated process used to date, then the availability, particularly with respect to physician services, and quality of health care received by Medicare beneficiaries would, under current law, fall over time compared to that received by those with private health insurance.

This analysis reinforces the concerns of rheumatology practice administrators, who manage daily operations and witness firsthand the challenges posed by inadequate payment updates, increasing administrative tasks, and burdensome utilization management. The Trustees' warning about declining availability of physician services under current law is particularly relevant to specialties like rheumatology, where access is already constrained by workforce shortages and geographic disparities.

Additionally, the pressures facing cognitive specialties like rheumatology underscore the urgent need for Medicare to meaningfully improve how it values time-intensive, complex care. Current payment structures undervalue the cognitive expertise required to diagnose, manage, and coordinate treatment for patients with chronic, often debilitating conditions. Without targeted improvements in reimbursement for cognitive services, Medicare risks deepening access challenges for patients who rely on longitudinal, specialty-driven care. These concerns are further compounded by the widening gap between Medicare payment and the investments needed to attract and retain a limited pool of rheumatologists. **With an aging population and increasing demand for chronic disease management, it is critical that Medicare payment policy evolve to reflect the complexity and value of cognitive care and support the long-term sustainability of the rheumatology workforce.**

Conclusion

Considering the above, **we ask that future recommendations—and the chapter of the June report in which the current recommendations appear—place stronger emphasis on the importance of updating physician payments annually by the full MEI, or at least establishing a floor of 50 percent of MEI to provide baseline stability.** In addition, **we urge the Commission to consider the need for more appropriate valuation of cognitive specialty care services.** Rheumatologists provide complex, time-intensive care that is essential to the management of complex chronic diseases, yet are often undervalued in the current payment structure. Supporting cognitive expertise is vital to maintaining access for Medicare beneficiaries and encouraging a sustainable rheumatology workforce for the future.

We appreciate MedPAC's ongoing attention to these critical issues. Should you have any questions or would like to set a time to discuss our comments in more detail, please contact Andrea Zlatkus, CMPM, CRMS, CRHC, Executive Director, NORM, at andrea@normgroup.org.

Sincerely,



Michelle A. Owen, CPC
President, NORM