



March 1, 2024

The Honorable Catherine Cortez Masto  
520 Hart Senate Office Building  
Washington, DC 20510

The Honorable Marsha Blackburn  
357 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable John Thune  
511 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable John Barrasso  
307 Dirksen Senate Office Building  
Washington, DC 20515

The Honorable Debbie Stabenow  
731 Hart Senate Office Building  
Washington, DC 20510

The Honorable Mark Warner  
703 Hart Senate Office Building  
Washington, DC 20515

To Whom It May Concern,

The American Alliance of Orthopaedic Executives (AAOE) writes in support of the formation of the new Medicare payment reform working group that will bring much needed bipartisan reforms to the physician fee schedule (PFS) and make necessary updates to the Medicare Access and CHIP Reauthorization Act (MACRA). Physicians are facing a 3.4 percent payment reduction as of January 1, 2024. The reforms proposed by this working group will advance the ongoing need to provide financial stability to physician practices to preserve access to care for Medicare beneficiaries.

AAOE represents over 1,300 members and 660 medical practices across the country whose mission is to promote quality health care practice management in the orthopedic and musculoskeletal industry. Year-over-year cuts to Medicare physician reimbursement jeopardize our ability to keep our doors open and care for patients in our communities. While costs of running medical practices have gone up by 47%, physicians' payments, when adjusted for inflation, have declined 26% from 2001 to 2023, making it hard for small, rural, and low-income serving practices to stay open. Additionally, a June 2022 MedPAC [report](#) recommended that CMS increase Medicare payments to physicians as well as to other health care sectors. All of this only exacerbates a larger problem of a critical shortage of physicians and healthcare providers. Estimates highlight a projected shortfall of up to 124,000 physicians by 2034 and a shortfall of up to 73,310 allied health professionals by 2036. A major contributing factor to this unfortunate reality is our Medicare



physician payment system, which has failed to maintain physician reimbursement at levels that adequately incentivize high-quality care.

On behalf of patients and healthcare workers, Congress must urgently work together with the provider community to come up with long-term legislative solutions to reform the Medicare Access and CHIP Reauthorization Act (MACRA). These efforts are critical to supporting patients' access to high-quality Medicare-covered services and bolstering our healthcare workforce. Specifically, Congress must strongly consider permanent solutions to the Physician Fee Schedule to provide stability and predictability to both providers and their patients.

For now, the most important step that Congress can take to create stability in the Medicare program is to address the current cut to Medicare payments. Congress must ensure that healthcare providers who treat Medicare patients continue to have the necessary financial support to care for our nation's seniors.

In short, fewer physicians in our communities means longer wait times for patients, having to travel farther to receive care, and fewer choices of providers. This is a threat to patient care and well-being and is currently occurring across the United States. Adjustments to the physician fee schedule will help ensure financial stability and predictability by permitting physician practices to partially reconcile various payment distributions triggered by budget neutrality rules, performance adjustments, and periods of high inflation.

This bipartisan group represents a crucial first step in comprehensive, meaningful Medicare physician payment reform. AAOE stands ready to provide support and guidance along the way.

Sincerely,

A handwritten signature in cursive script that reads 'meganchohara'.

**Megan A O'Hara**  
Practice Manager, Robert V Moriarty MD PC  
President, American Alliance of Orthopaedic Executives

A handwritten signature in cursive script that reads 'Paul Bruning'.

**Paul Bruning, DHA**  
Service Line Director, Greater Silicon Valley Market  
Advocacy Council Chair, American Alliance of Orthopaedic Executives