Statement for the Record

Subcommittee on Health of the Committee on Energy and Commerce
Subcommittee Markup of Legislative Proposals

November 15, 2023

On behalf of the American Osteopathic Association (AOA), and the more than 186,000 osteopathic physicians (DOs) and medical students we represent, we write to express our appreciation for the inclusion of several of the AOA’s recommendations from our October 2023 statement for the subcommittee’s Health Legislative Hearing: “What’s the Prognosis?: Examining Medicare Proposals to Improve Patient Access to Care and Minimize Red Tape for Doctors”.

Among the core principles of osteopathic medicine are providing patient-centered, coordinated care across the health care spectrum. We recognize that health care stakeholders across the United States share the responsibility of promoting reforms and policies that ensure individuals and families have access to coverage and high-quality care when and where they need it. Osteopathic physicians represent nearly 11% of physicians in the United States but comprise nearly 40% of physicians serving rural and underserved communities. In fact, many osteopathic medical schools are in rural areas, allowing students to establish connections with these communities at an early stage in their medical education.

The AOA unequivocally believes that the primary focus of any potential policy or legislative change should be to expand, or at minimum, maintain access to comprehensive high-quality care at the appropriate time and setting. It is with these sentiments that we express our staunch support for the following legislations.

Introduced by Representatives Murphy, Burgess, Kelly, Wenstrup, Bueshow, Van Drew, Miller-Meeks, Harris, Babin, Joyce, Jackson, McCormick, Ferguson, Dunn, and Carter, the Provider Reimbursement Stability Act of 2023 would provide overdue updates to the physicians’ payment mechanisms under the Medicare Physician Fee Schedule (MPFS). The legislation would make changes to the MPFS that would improve sustainability in physician payment and ensure continued access to high quality health care by:

1. Increasing the threshold for applying budget neutrality from $20 million to $53 million to reflect the increase in the Medicare Economic Index (MEI) since the threshold was last updated
2. Requiring CMS to reconcile any overestimates and underestimates of utilization to actual utilization for each Relative Value Units (RVUs) adjustment and make corresponding payment
3. Updating prices for direct expenses related to budget neutrality adjustments with the goal of more frequently and accurately updating the costs used to calculate the RVUs that are used to calculate the reimbursement formula for physician services
4. Limiting any increase or decrease to the conversion factor to 2.5 percent.

These changes to the MPFS are important steps toward more closely reflecting the true cost of providing care to Medicare beneficiaries. This is particularly important for independent physicians who practice in rural communities. **We strongly urge the Committee to advance this legislation to support access to care for Medicare beneficiaries.**

**We highly support the subcommittee’s interest in extending the 1.0 work geographic practice cost index (GPCI) floor, which is included within H.R. 6366.** According to a 2022 Government Accountability Office report, in 2018, 52 of the 112 payment localities had their work GPCI values raised by the floor to the national average. Without congressional action, the expiration of GPCI floor, established by Congress, will greatly impact rural communities that tend to have more patients in medically underserved areas.  

In [testimony](#) to the Ways & Means Committee in 2002, Urban Institute economists argued that the GPCI should account for more than just cost of living in order to promote adequate supply of physicians in both urban and rural areas. Economists recognized at the time that a decision to not include secondary factors impacting the economic feasibility of rural physician practices could damage the sustainability of the rural physician workforce. Equalization of real compensation has not happened in the ensuing 21 years, and rural areas face increasingly severe physician shortages. To this end, we encourage the Committee to consider additional modifications to the GPCI that would incentivize physicians to practice in rural and underserved areas.

In addition, the **AOA also supports the provision within H.R. 6366 that would revise the phase-in of clinical laboratory test payment changes under Medicare, which would avoid harmful cuts to laboratory services for an additional year.** Between 2017-2022, payment for common tests for diseases such as diabetes, cancer, and heart disease were cut by 27 percent. An additional 15 percent cut, for nearly 800 common laboratory tests, is scheduled to take effect January 1, 2024. These drastic payment cuts jeopardize access to many clinical laboratory tests that are used to diagnose, monitor, prevent, and manage common diseases impacting Medicare beneficiaries. The impact of these cuts will be felt hardest by small independent physician practices that offer in-house laboratory services but may no longer be able to sustain such services following further payment cuts.

**We also write to express our support for H.R. 6369, which would extend incentive payments for physician participation in eligible alternative payment models (APMs).** Ensuring rural physicians can participate in payment models that incentivize high-quality, cost-effective care is integral in supporting the physician workforce in our rural and underserved communities.

Again, thank you for the subcommittee’s efforts to address Medicare physician payment to ensure continued access to care by Medicare beneficiaries. The AOA and our members stand ready to assist the committee to enact legislations that improves patient access to high-quality health care and ensure the viability of independent physician practices throughout the country. If you have any questions or if the AOA can be a resource, please contact AOA Vice

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