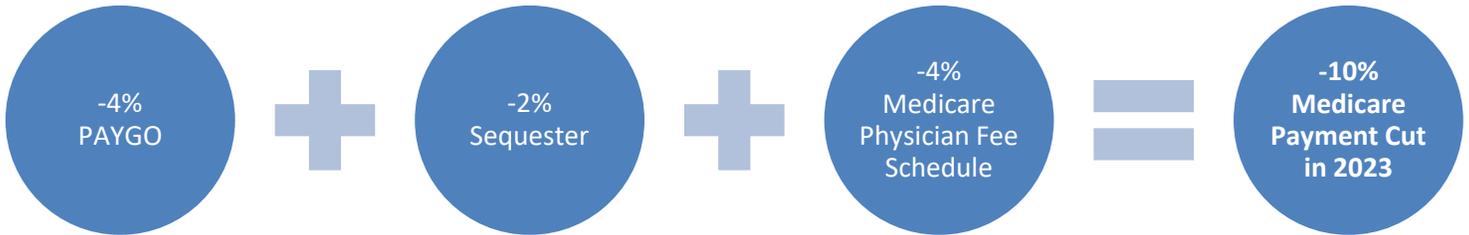




Impending Medicare Payment Cuts in 2023



PAYGO = - 4%

- The Statutory Pay-As-You-Go (PAYGO) Act of 2010 requires across-the-board cuts for certain types of mandatory federal spending if new legislation increases the deficit. A PAYGO sequester has never gone into effect; Congress has always acted to waive the reductions.
- The COVID-19 relief bill, the American Rescue Plan Act, was passed in 2021 and triggered the reduction due to \$1.9 trillion in spending.
- The Office of Management and Budget determined the increased spending should be offset by a -4% reduction in Medicare spending. Under PAYGO, Medicare payments cannot be cut more than 4%.
- The -4% Medicare payment cut was scheduled to go into effect in 2022 but was delayed for one year by the Protecting Medicare and American Farmers from Sequester Cuts Act, passed in December 2021.
- If Congress does not act, a sequestration order will be issued within 15 days of the end of the congressional session, and Medicare reimbursement will be reduced by -4% starting in 2023.

Medicare Sequestration = - 2%

- The Balanced Budget and Emergency Deficit Control Act of 1985 established the sequester as a tool to encourage agreement on budget policy. The payment cuts have been delayed or extended several times to offset the costs of new legislation and are now scheduled through FY2031.
- Medicare sequestration was temporarily delayed from May 2021 through March 2022 due to the COVID-19 pandemic. A -1% Medicare payment reduction was imposed from April 2022 through June 2022, and now the full -2% reduction is in effect.

Medicare Physician Fee Schedule Relief = - 4%

- In December 2020, Congress passed a one-time, one-year +3.75% increase in payments under the Medicare Physician Fee Schedule, to help ease the transition associated with significant coding changes.
- Given the ongoing financial challenges caused by the COVID-19 pandemic, The Protecting Medicare and American Farmers from Sequester Cuts Act included a +3% increase in payments under the Medicare Physician Fee Schedule through 2022.
- Due to the expiration of these temporary payment increases, the Centers for Medicare and Medicaid Services are proposing a -4.42% decrease in payments in 2023 for services under the Medicare Physician Fee Schedule. This includes the expiration of the 3% increase and a -1.42% budget neutrality adjustment.