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Medical Practice
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February 7, 2025

The Honorable
Mike Johnson
Speaker of the House
U.S. House of
Representatives
Washington, DC 20515

The Honorable
Hakeem Jeffries
Minority Leader
U.S. House of
Representatives
Washington, DC 20515

The Honorable
John Thune
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Charles
"Chuck" Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Johnson, Minority Leader Jeffries, Leader Thune, and Minority Leader Schumer:

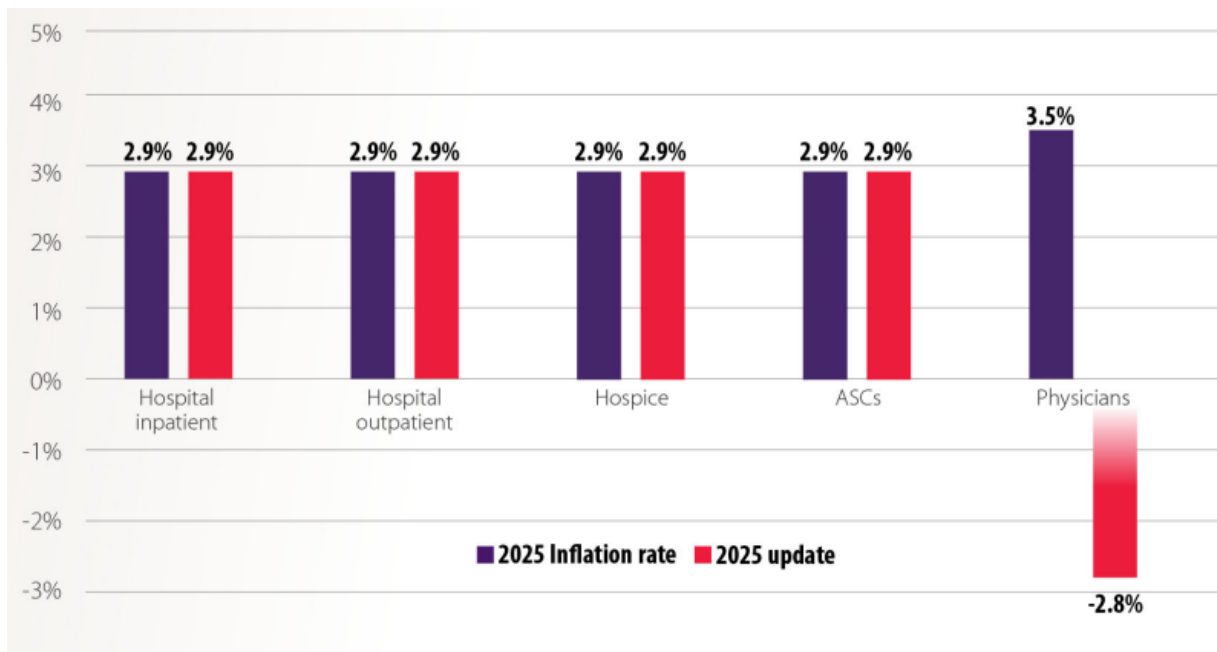
We write to you on behalf of the [American Independent Medical Practice Association](#) (AIMPA), the first national, multi-specialty advocacy organization devoted exclusively to the interests of physicians caring for patients in independent medical practices. [AIMPA](#) represents nearly 600 independent medical practices with over 10,000 doctors in 44 states and the District of Columbia who provide quality, affordable health care for approximately 24 million patients each year.

As you craft a legislative package to fund the federal government after the March 14 expiration of the [American Relief Act, 2025](#), we urge you to reverse the 2.8% Medicare reimbursement cut for physicians that took effect in January 2025 and to implement a permanent fix for Medicare's flawed payment system by indexing reimbursement for physicians to inflation.

The bipartisan [Medicare Patient Access and Practice Stabilization Act of 2025](#), which would provide physicians a 6.6% increase in Medicare reimbursement through the end of this year, represents an excellent vehicle for doing so.

In this letter, we will detail why independent medical practices are disappearing - - and why that matters for patients and the healthcare system. Structural biases in Medicare's reimbursement system favor hospitals at the expense of independent practices and are driving consolidation within the marketplace. The end result is that patients have fewer choices in where they can seek care -- and face higher costs.

This year, Medicare reimbursement increased for in-patient and outpatient hospital facilities, hospice providers, and nearly all other healthcare providers. Physicians, on the other hand, received a [pay cut](#).



Credit: [American Medical Association](#)

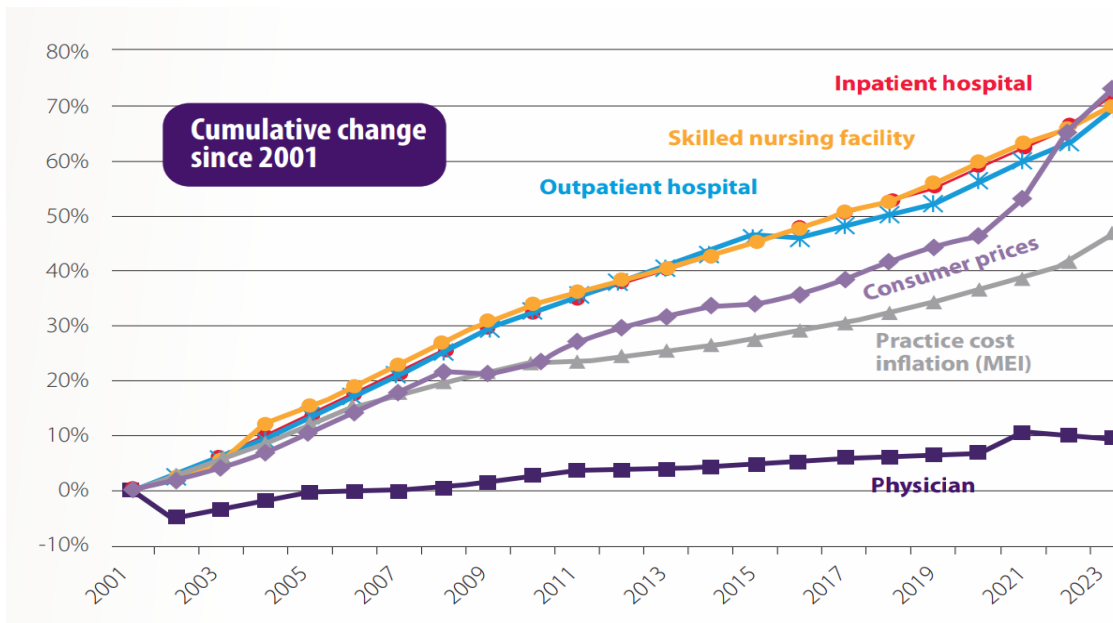
These cuts threaten to accelerate consolidation in the healthcare market. Research shows that consolidation reduces access to care and ultimately raises costs for patients, employers, and taxpayers.

Hospitals acquired [2,800 additional physician practices](#) in 2022 and 2023. Hospitals owned nearly [70,000 physician practices](#) as of January 2024. That number has [grown 12%](#) since 2019.

In 2012, hospitals and large health systems employed just [one-fourth](#) of physicians. Today, they employ [more than half](#) of all physicians. In the last five years, [nearly 75,000 doctors](#) have signed on as employees at hospitals and health systems.

Medicare's structural bias against independent physician practices bears responsibility for this ongoing wave of consolidation. Since 2001, Medicare reimbursement rates for inpatient hospitals, hospital outpatient centers, and skilled nursing facilities [have increased by around 70%](#). Reimbursement for physicians has increased at a fraction of that rate -- [less than 10%](#).

The costs associated with operating a physician practice have increased [by nearly 50%](#) over that period. Overall consumer prices have [surged even more](#).



Credit: [American Medical Association](#)

In other words, Medicare payments to physicians have [declined more than 30%](#) after accounting for inflation.

Given these economic realities, it's no wonder that many independent physicians have been forced to shutter their practices or accede to buyout offers from

hospitals or large health systems. Medicare reimbursement simply hasn't kept up with the cost of staffing, rent, insurance, and other operational expenses.

The shift away from independent physician practice has serious ramifications for patients and the healthcare system. According to a study of five specialties conducted by healthcare consulting firm Avalere, total Medicare expenditures per beneficiary per year increased an average of [more than \\$1,300](#) in the 12 months after the physician caring for the beneficiary moved from an unaffiliated private practice to a hospital affiliation.

Independent practices deliver high-quality care at lower cost than large hospitals and health systems. People treated at physician-owned practices have lower rates of preventable hospital admissions than those treated by larger providers, according to [research published in the *Annals of Family Medicine*](#). Large hospitals charge [up to 25% more](#) than physician-owned practices for the same services.

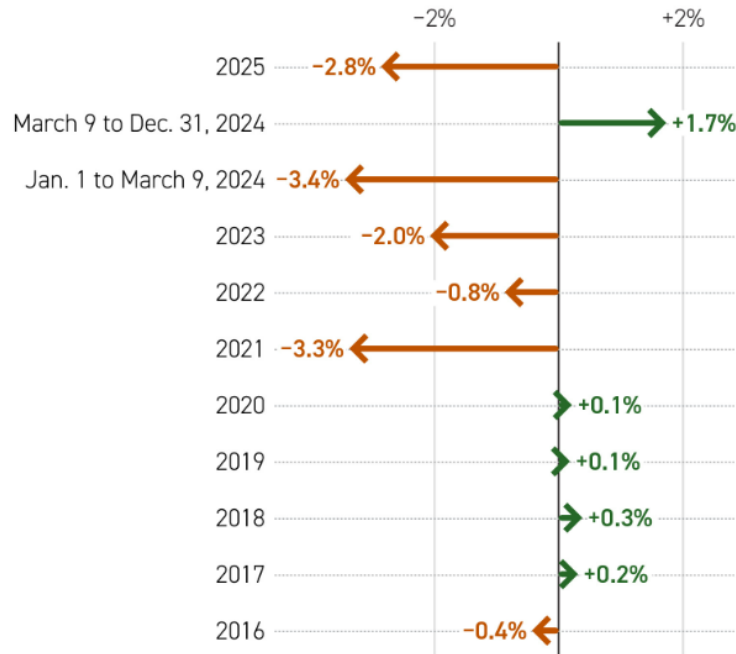
These outsized costs place an enormous financial burden on the healthcare system, with ordinary people footing the bill in the form of higher taxes and insurance premiums. [Millions of Americans](#) are struggling with medical debt. That problem will grow worse if patients lose access to lower-cost private physician practices.

Independent practices are also more convenient for many patients. They may be nearer to patients' homes than large medical centers in urban areas. For patients in underserved and less populous communities, losing a neighborhood practice could mean [having to drive hours to see a provider](#).

Moreover, the disappearance of independent physician practices means the disappearance of thousands of good-paying, non-physician healthcare jobs. When an independent physician closes up shop and signs on as an employee with a hospital, the physician assistants, nurses, and office support staff that his or her practice employed may find themselves out of work.

Physicians have received pay cuts in each of the past five years. Meanwhile, inflation has been raging across the economy. The Medicare Economic Index, a measure of inflation, increased [4.6% in 2024](#) and is set to increase [3.5% in 2025](#). Independent physician practices cannot continue to absorb reimbursement cuts from Medicare as their operational costs continue to surge.

Percentage change in physician fee schedule conversion factor from previous rate



Credit: [POLITICO](#)

We ask Congress to provide relief for physicians by eliminating the 2.8% cut that took effect on January 1, 2025, and implementing an inflation-based adjustment to make physicians whole for the losses they've already experienced this year. The [Medicare Patient Access and Practice Stabilization Act of 2025](#) would deliver on both counts -- and establish inflation-adjustment as a pillar of future Medicare reimbursement reform.

In the long term, more fundamental payment reform is needed to keep independent medical practices viable. The uncertainty that regular payment cuts engender, particularly in the face of increases in the costs of running a medical practice, makes it difficult for independent practices to know whether they'll be able to hire and retain high-quality staff, invest in state-of-the-art technology and equipment, and spend the amount of time they'd like with patients.

We strongly encourage the 119th Congress to index physician reimbursement to the Medicare Economic Index permanently. More than 170 Members of Congress from both parties [co-sponsored](#) a bill that would have done so during the 118th Congress. We urge the 119th Congress to take up this bill.

Independent physician practices are cornerstones of the U.S. healthcare system. They are effective, competitive counterbalances to hospital systems employing physicians. And they allow patients to form personal, trusting relationships with their doctors. If independent physician practices continue to disappear, then the market for physician services will suffer -- and healthcare costs will continue to rise.

We hope Congress will take action to preserve the ability of independent physicians to care for patients by eliminating this year's Medicare reimbursement cut before the March 14 deadline -- and permanently indexing Medicare physician reimbursement to inflation.

Thank you for your consideration of this crucial matter. We welcome the opportunity to answer any questions you may have.

Sincerely,



Dr. Paul Berggreen
President and Board Chair
American Independent Medical
Practice Association



Dr. Jack Feltz
Chair, Federal Health Policy
American Independent Medical
Practice Association

CC: The Honorable Mike Crapo, Chairman, Senate Finance Committee
The Honorable Ron Wyden, Ranking Member, Senate Finance Committee
The Honorable Brett Guthrie, Chairman, House Energy and
Commerce Committee
The Honorable Frank Pallone, Ranking Member, House Energy and
Commerce Committee
The Honorable Jason Smith, Chairman, House Ways and Means Committee
The Honorable Richard Neal, Ranking Member, House Ways and Means
Committee