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April 23, 2025

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

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

Dear Speaker Johnson and Majority Leader Thune:

We write again 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 45 states and the District of Columbia who provide quality, affordable health care for approximately 24 million patients each year.

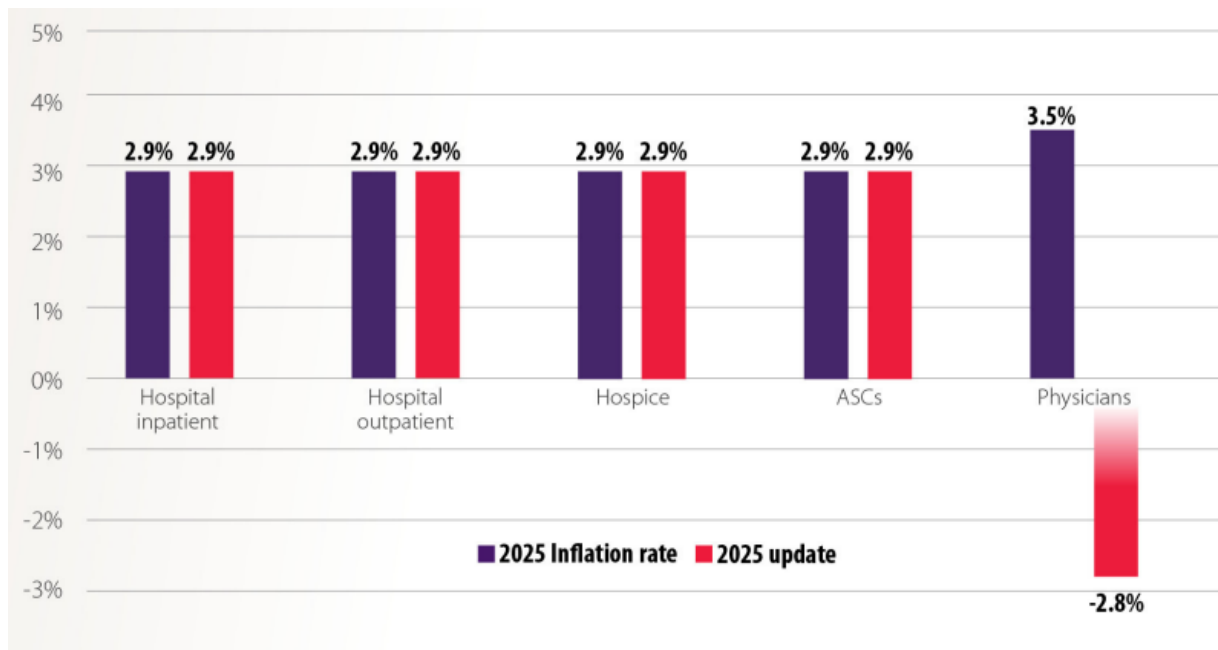
As you craft the budget reconciliation package, we urge you to reverse the 2.8% Medicare reimbursement cut for physicians that took effect in January 2025 -- and implement a permanent fix for Medicare's flawed payment system by indexing reimbursement for physicians to inflation.

To that end, we strongly support including 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 to account for inflation and make physicians whole for the losses they've already incurred, in the budget reconciliation package.

Independent medical practices are disappearing largely because of structural biases in Medicare reimbursement. That has significant negative consequences for patients and the healthcare system, as the data below show.

If left unaddressed, these structural biases will accelerate hospital-driven consolidation of the market for physician services. The end result is that patients will 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](#).

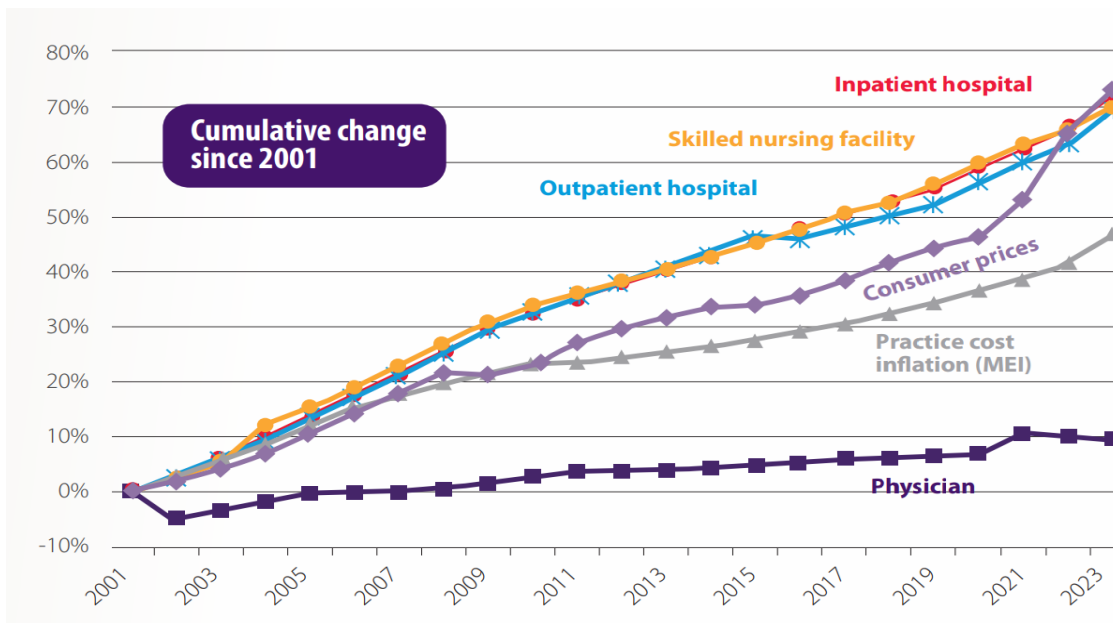


Credit: [American Medical Association](#)

These changes in Medicare reimbursement perpetuate a longstanding trend. 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](#).

In other words, Medicare payments to physicians have declined more than 30% after accounting for inflation.



Credit: [American Medical Association](#)

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.

Hospitals now dominate the healthcare marketplace. In 2022 and 2023, they acquired 2,800 additional physician practices. 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.

The shift away from independent physician practice has serious ramifications for patients and the healthcare system. For starters, it's associated with higher costs.

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 a 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*](#). Physician services delivered within health systems cost [up to 26% more](#) than those delivered by independent practices.

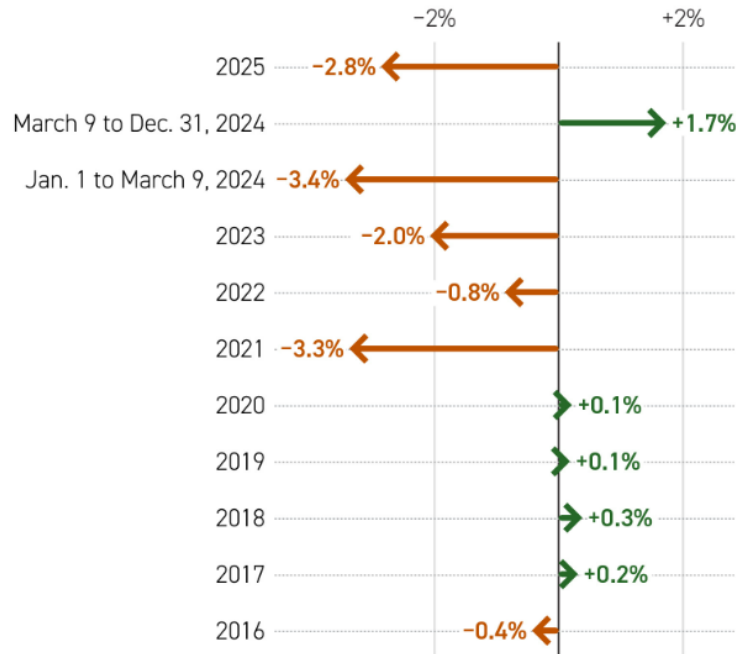
These outsized costs place an enormous financial burden on the healthcare system, with ordinary people footing the bill in the form of higher taxes and insurance premiums. [Millions of Americans](#) are struggling with medical debt. That problem will grow worse if patients lose access to lower-cost private 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 his or her practice and signs on as an employee with a hospital, the physician assistants, nurses, and office support staff the practice employed may find themselves out of work.

Physicians have received pay cuts from Medicare in each of the past five years even as inflation has been raging across the economy. The Medicare Economic Index, a measure of inflation in medical practice costs, 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 surge.

Percentage change in physician fee schedule conversion factor from previous rate



Credit: [POLITICO](#)

We ask you 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.

Consequently, we strongly encourage the 119th Congress to permanently index physician reimbursement to the Medicare Economic Index. 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 and insurance companies 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.

As you prepare to take up budget reconciliation, we hope that you will preserve the ability of independent physicians to care for patients by eliminating this year's Medicare reimbursement cut 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
paul.berggreen@gialliance.com
602-421-2408



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

CC: The Honorable Mike Crapo, Chairman, Senate Finance Committee
The Honorable Brett Guthrie, Chairman, House Energy and
Commerce Committee
The Honorable Jason Smith, Chairman, House Ways and Means Committee