

The effort to reform physician pay is set to pit primary care docs against highly paid specialists

By [John Wilkerson](#) July 15, 2024

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ASHINGTON — There's been a long lull in fighting between primary care and specialty doctors over how much they get paid by Medicare, but that truce might not last if Congress overhauls the system that determines physician payment.

This year, Congress began considering changes to the Medicare physician pay system for the first time since creating the current version in 2015. Committees in the House and Senate have held hearings on the matter, including the powerful Senate Finance Committee, which recently published a [30-page paper](#) on potential changes.

Medicare recently proposed [a 2.8% cut to its main physician pay rate next year](#), adding urgency to the efforts. Congress has scaled back the proposed pay-rate reductions each of the past four years, but still allowed some to go forward, pressuring physicians.

For now, the doctor groups are lobbying in unison toward the same goal of increasing the pot of money for physician services, which stood at about \$71 billion in 2022, or [16% of Medicare fee-for-service spending](#). [A Medicare spokesperson said that number is expected to reach about \\$90 billion this year](#). Doctors would also like to get credit for saving money by keeping patients out of the hospital.

Those demands would pit doctors against others in the health care system, including hospitals, because Congress typically requires that increases in Medicare spending be paid for by cuts elsewhere in the program. That's a heavy lift. Congress has been considering equalizing certain Medicare payments between hospitals and physicians' offices to save money, but [that site-neutral policy has faltered](#).

That's not the only thing working against doctors. If Congress increases spending on physician services, seniors' Medicare Part B premiums will go up, [according to the nonpartisan research arm of Congress](#). Congress could prevent premiums from increasing, but that would add to the government tab.

For those reasons, doctor lobbyists privately doubt Congress will meaningfully increase physician pay rates overall, [leaving doctors to fight over how a fixed sum of money should be split up](#).

“This is one of those things that stumbles into friction,” said Julius Hobson, senior policy advisor at the law firm Polsinelli.

Courtney Savage, founder of Savage Health Policy, said she sees signs of trouble ahead for specialists. Republicans and Democrats in the Senate want to boost primary care pay. Sens. Bill Cassidy (R-La.) and Sheldon Whitehouse (D-R.I.) [unveiled a plan](#) to “improve the adequacy of pay for primary care providers in Medicare.” Two days later, Senate Finance Committee Chair Ron Wyden (D-Ore.) and the committee’s ranking Republican, Idaho’s Sen. Mike Crapo, published their plan to improve chronic care, which would likely favor primary care doctors, too.

Meanwhile, Medicare officials are [proposing a mandatory pilot program](#) aimed at reducing the costs of specific episodes of specialty care.

“In trying to keep the [piece] (pun intended), the physician lobby has tried to focus on making the pie bigger rather than leaving its constituent parts fighting over crumbs,” [Savage wrote on her blog](#). “However, as one might imagine, it is a delicate political alliance that is frequently tested.”

The beef between primary and specialty physicians started after the American Medical Association created a board in the early 1990s to advise Medicare on the cost of providing services. That board for a time was almost entirely made up of specialists. As a result, Medicare has paid much more for procedures that specialists provide, such as surgeries and MRI scans, than the work of primary care doctors, which often includes answering questions about patient health, following up with patients and educating them about caring for chronic conditions. The AMA has since added primary care doctors to its advisory board.

The Trump administration increased Medicare pay for the types of services that primary care doctors typically provide. Medicare also gave primary doctors an add-on payment of \$16.31 for complex patients who require more time during office visits. Combined, the two policies boosted pay rates for primary care doctors by about 12%, [according to the American Academy of Family Physicians](#).

Specialists lost out when primary docs got their pay boost, and they [especially disliked the add-on payment for office visits](#). But Congress smoothed things over by postponing the

add-on payment, from 2021 through 2023, and using the savings from that delay to help finance a pay increase to all doctors.

That increase in pay might be ending, fully or at least partially, leaving doctors with what feels to them like a pay cut. Primary care doctors will still be paid more than before the Trump administration increased rates for the services they provide, but specialists will be paid less.

Primary care doctors are still paid less by Medicare than specialists, and Medicare's rates influence how private insurers pay doctors too. Those differences show up in their compensation.

In 2023, primary care doctors earned an average annual salary of \$277,000, compared to the average compensation among specialists of \$394,000, according to a Medscape [report](#).

“The deck is stacked against primary care,” said Christopher Koller, president of the Milbank Memorial Fund.