

RFK Jr. is exploring a plan to upend Medicare's physician payments system

The proposal would reduce the American Medical Association's role in determining doctor pay



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WASHINGTON — People close to Robert F. Kennedy Jr. are exploring a proposal that could upend how physician payment is determined in America, four sources familiar with the process told STAT.

The policy would reduce the role played by the main physician lobby, the American Medical Association, in determining what Medicare pays for medical services. It revives a proposal that's been periodically raised by Republicans over the past two decades, but has not been implemented. The medical billing code structure as it currently exists is a significant source of revenue and influence for the AMA.

RFK Jr., who is President-elect Trump's pick for Secretary of Health and Human Services, has decried the influence of big business in health care, and promised to "free the agencies from the smothering cloud of corporate capture." He's sparred with the AMA in the past over his views on vaccines.

The AMA currently runs a panel of doctors that make recommendations to Medicare about how much services should cost, and RFK Jr.'s team is exploring wresting this influence over medical billing codes away from the AMA. The committee that makes the payment recommendations is powerful, and the AMA makes money from its copyrights on the billing codes.

The proposal is still in its formative stages, and one source said people close to Kennedy are seeking feedback on how such a shift might work. Kennedy has not been confirmed by the Senate, so policy proposals are speculative at this point. It's unclear what a replacement model could look like, the sources said.

Calley Means has been a prominent part of RFK Jr.'s Make America Healthy Again movement. Following the announcement of Mehmet Oz to lead the Centers for Medicare and Medicaid Services Tuesday, Means posted on the social network X that, "Our CMS codes embed a system that waits for Americans to get sick and profits. This is ground zero for driving better health outcomes and government efficiency." Means deleted the message, then posted it again on Wednesday after this story was published.

Control of medical billing codes is a major source of revenue for the AMA. The group charges royalties for the use of Current Procedural Terminology, or CPT, codes. More than 50% of the AMA's revenue in 2023, or \$266 million, came from a budget category that includes CPT books, workshops, and data files, its most recent annual report shows. However, that category also includes revenue from products unrelated to CPT codes, so it's not possible to separate out revenue from CPT products alone.

The AMA declined to comment for this article. Kennedy's lawyer did not respond to an inquiry from STAT.

The AMA is heavily involved in Medicare's price-setting process. The group's Relative Value Scale Update Committee, or RUC, meets three times a year to go over how physician services should be priced. The panel of doctors factors in things like how much time a certain service or visit takes and how much practices have to spend on supplies and malpractice insurance.

The RUC then sends its payment recommendations to Medicare, which publishes physician payment updates every year. Medicare is under no obligation to accept the RUC's recommendations, but the federal agency goes with them 60% to 80% of the time, according to the most recent estimates. That gives the RUC a lot of power, since health insurance companies also usually follow what Medicare does.

For decades, the RUC has attracted criticism from health policy experts, who argue it's unethical and a conflict of interest for physicians to be setting their own payment rates from Medicare.

Robert Berenson, a physician and fellow at the Urban Institute, told STAT in 2022 that the RUC's recommendations often are based on unreliable data and are biased toward specialties that do higher-priced procedures.

"It's amazing that other clinicians accept it, which suggests that it's really a political process and not an objective evaluation of work," Berenson said.

The idea of removing the AMA from this role isn't necessarily a novel one. Back in the early 2000s, former Sen. Trent Lott, a Mississippi Republican, asked HHS to end the AMA's "monopoly" over billing codes. Former Sen. Tom Coburn, an Oklahoma Republican and obstetrician, accused the AMA in 2009 of supporting the Affordable Care Act to protect its medical billing coding revenue.

The American Medical Association has tussled with both RFK Jr. and GOP lawmakers in recent years.

When Trump promised to allow RFK Jr. to run a commission on vaccine safety during his first term as president — which never came to fruition — the AMA issued a statement saying the group was "concerned that creating a new commission on vaccine safety would cause unnecessary confusion and adversely impact parental decision-making and immunization practices."

The AMA and RFK Jr. also clashed in 2019 over whether states should allow non-medical exemptions to vaccine requirements. The AMA announced it would actively advocate for states to ban religious, non-medical exemptions, while RFK Jr. opposed such state legislation.

Republican lawmakers have criticized the AMA for being focused on "woke issues." The AMA supports gender-affirming care, and the AMA's Board of Trustees has called racism "an urgent threat to public health." The group has given more campaign contributions to Democrats than

Republicans in every campaign cycle since 2018, according to the nonprofit government transparency organization OpenSecrets.

Given how deeply ingrained billing codes are in electronic health record systems, changing the entire Medicare billing system would be disruptive. And the AMA's copyright ownership would make it difficult to extricate them from billing codes.