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Medicine's great payment reshuffling

- [Maya Goldman](#) - Axios

A Trump administration [revamp](#) of how Medicare pays doctors could force steep reimbursement cuts next year for specialists like dermatologists and orthopedic surgeons.

Why it matters: It's the result of an [ongoing pivot](#) to redistribute Medicare dollars away from procedure-heavy specialties toward more primary and preventive care, which have long lagged in reimbursements.

- Higher pay could make it easier to recruit new physicians to the field and close care gaps in underserved communities.

Driving the news: Medicare's new physician payment rule proposes boosting what geriatricians, internists and other primary care doctors can charge the federal health program next year. In turn, several specialist categories will face steep cuts.

- Physicians overall would see as much as a 1.68% cut to their Medicare payments in 2027. The payment update, which does not account for medical cost inflation, will be finalized this fall.
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Between the lines: Part of the reason for specialist payment cuts is a proposal to reduce payment to providers that bill for a procedure and office visit on the same day.

- The more expensive of the two services would be paid in full, and the less expensive would be reimbursed at 50%. The first Trump administration proposed a similar policy in 2019, but backed off after pushback from some physician groups.
- The payment rule also would make a technical change to the way medical practice expenses are calculated that could curb payments to specialties.

What they're saying: The American Academy of Family Physicians said the plan would overall "strengthen primary care by reducing barriers for patients and improving payment" for the care its members provide.

- The rule additionally proposes improvements to value-based care programs that could benefit primary care doctors.

Friction point: The administration asked for input on moving away from the decades-old practice of basing payments on recommendations from a committee of physicians run by the American Medical Association.

- Critics say the committee [tends to value](#) surgeries and other costly procedures higher than primary care. The AMA notes that its committee has [recommended](#) new billing codes and payment increases for primary care services over the years.
- There's [bipartisan interest](#) in moving away from the AMA system so a doctor-run committee doesn't have so much influence over what the government pays doctors, but there's no consensus yet on what would replace it.
- The administration also asked for feedback on improving primary care payment in general, including how to account for the use of AI.

Reality check: Congress typically [steps in](#) to block scheduled physician pay cuts and make them whole at the end of the year, but it's never a given.

- Even primary care groups say rising health costs and other health system pressures make a physician pay fix necessary.
- Recent moves to improve primary care finances have been welcome, but aren't enough to offset the overall declines in Medicare payment rates, Susan Dentzer, CEO of America's Physician Groups, told Axios.

What we're watching: A bipartisan group of lawmakers last week introduced a plan to overhaul the Medicare payment system and allow annual inflation adjustments for physicians, along with more flexibility to increase doctors' payments.

- But it's unlikely Congress and the White House will have the bandwidth to hash out an agreement on changes until at least 2028, per a recent analyst note from the research and consulting firm Capital Alpha.