

**U.S. House of Representatives
Energy and Commerce Subcommittee on Health
Hearing on “Lowering Unaffordable Costs: Legislative Solutions
to Increase Transparency and Competition in Health Care”
April 25, 2023**

CMA supports Congressional Efforts to Address Health Care Consolidation

In response to the U.S. House of Representatives Energy and Commerce Health Subcommittee’s upcoming hearing to discuss legislative solutions for increasing transparency and competition in health care, Donaldo Hernandez, M.D., President of the California Medical Association (CMA), representing nearly 50,000 physicians, issued the following statement:

“CMA appreciates the Subcommittee’s work to address Medicare policies that have driven consolidation and higher health care costs. These policies have prevented physician-led organizations from competing with larger corporate interests.

According to a Physicians Advocacy Institute (PAI) and Avalere Health study, nearly 75% of physicians are employed by hospitals, health systems and other corporate entities compared to just 25% a decade ago.

Currently, hospitals receive significantly higher Medicare payments for physician services compared to the payments physicians receive for providing the same service in their independent offices or ambulatory sites. This Medicare “site of service” payment policy when coupled with a stagnant Medicare physician fee schedule has led to consolidation and reduced competition in health care markets.

While CMA supports efforts to reduce consolidation, including efforts to bring more parity to payment for physician services independent of the site of service, we are concerned that simply reversing current “site of service” policies could have a negative downstream impact on physicians and their ability to care for patients. **CMA urges the Subcommittee to reinvest the savings from site neutral legislation into the physician fee schedule to ensure patient access to physician care.**

The Medicare physician fee schedule has failed to keep pace with rising costs to run a medical practice. Since 2001, Medicare physician payment increased just 9% compared to a 60% payment increase for hospitals. However, the cost to run a medical practice has increased 47%. When adjusted for inflation, that means physician payments have declined 26% since 2001. The Medicare Trustee’s Report recently said that without change to Medicare physician payments, patient access to care is anticipated to become a significant issue. CMA is sounding the alarm that Medicare access to care is eroding in California.

We urge Congress to address this important issue to ensure patients have equitable access to affordable health care.”

