



June 5, 2025

Hon. John Thune
Senate Majority Leader
S-230 U.S. Capitol Building
Washington, D.C. 20510

Hon. Charles Schumer
Senate Minority Leader
S-309 U.S. Capitol Building
Washington, D.C. 20510

Dear Majority Leader Thune and Minority Leader Schumer,

The Healthcare Business Management Association (HBMA) is writing to strongly urge you to ensure that the Senate's version of H.R.1, the One Big Beautiful Bill Act, waives the Statutory PAYGO Requirements. Additionally, we write to express our support for a provision that would add an annual inflationary adjustment to physician payments.

[HBMA](#) is a national non-profit professional trade association for the healthcare revenue cycle management industry. HBMA is a recognized revenue cycle management (RCM) authority by both the commercial insurance industry and the governmental agencies that regulate or otherwise affect the U.S. healthcare system.

HBMA members have an essential role in the operational and financial aspects of the healthcare system. Our work on behalf of medical practices allows physicians to focus their attention and resources on patient care - where it should be directed - instead of on the many administrative burdens they currently face. The RCM process involves everything from the lifecycle of a claim to credentialing, compliance, coding and managing participation in value-based payment programs.

The budget reconciliation process is an opportunity for Congress to finally address inadequate Medicare payments to physicians. According to MedPAC, inflation (measured by MEI) has outpaced annual updates to Medicare payments to physicians by over 20% since 2010. This year, physicians face an additional 2.83% payment cut because Congress failed to extend a temporary increase that had been in place through 2024. This, combined with the 2% sequestration cuts that have been in effect since 2011 means that physicians are incurring an almost 5% payment reduction this year.

The House Reconciliation bill does not fix the 2.83% reduction as we hoped. The Senate should fully mitigate this cut in its version of the bill.

H.R.1 would provide more stability for Medicare payments with an annual inflationary update. In 2026, Medicare payments to physicians would be increased by 75% of MEI. In 2027 and beyond, the increase would be 10% of MEI.

HBMA strongly supports this concept. However, these annual increases are inadequate as they fail to capture the full impact of inflation that medical practices face every year. We urge Congress to change this provision to provide a full MEI inflationary update every year.

Lastly, and most importantly, the House version does not waive PAYGO. According to the Congressional Budget Office (CBO), this would trigger an automatic 4% cut to Medicare physician payments every year until \$500 billion of the bill's cost is offset through these reductions. This is counter to the bill's intent to provide annual inflationary increases. The 4% cut would completely eliminate any inflationary update that physicians receive. The Senate must add a PAYGO waiver to its version of the bill and encourage your House colleagues to accept this necessary change.

Inadequate Medicare payments make it more difficult for clinicians to provide care to Medicare beneficiaries. Allowing such cuts to take effect could result in many clinicians deciding to stop accepting Medicare patients. The impacts of low Medicare reimbursement rates must also be viewed in the context of the bill's other impacts, such as many people potentially losing Medicaid and Affordable Care Act (ACA) coverage.

Please do not hesitate to contact HBMA Director of Government Affairs Matt Reiter (reiterm@capitolassociates.com) or HBMA Executive Director Brad Lund (brad@hbma.org) if you wish to discuss our concerns in more detail.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kirk Reinitz', is positioned above the printed name.

Kirk Reinitz
President, HBMA