AMA AMERICAN MEDICAL ASSOCIATION

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May 9, 2025

Chris Klomp, MBA
Deputy Administrator and Director
Center for Medicare
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Deputy Administrator Klomp:

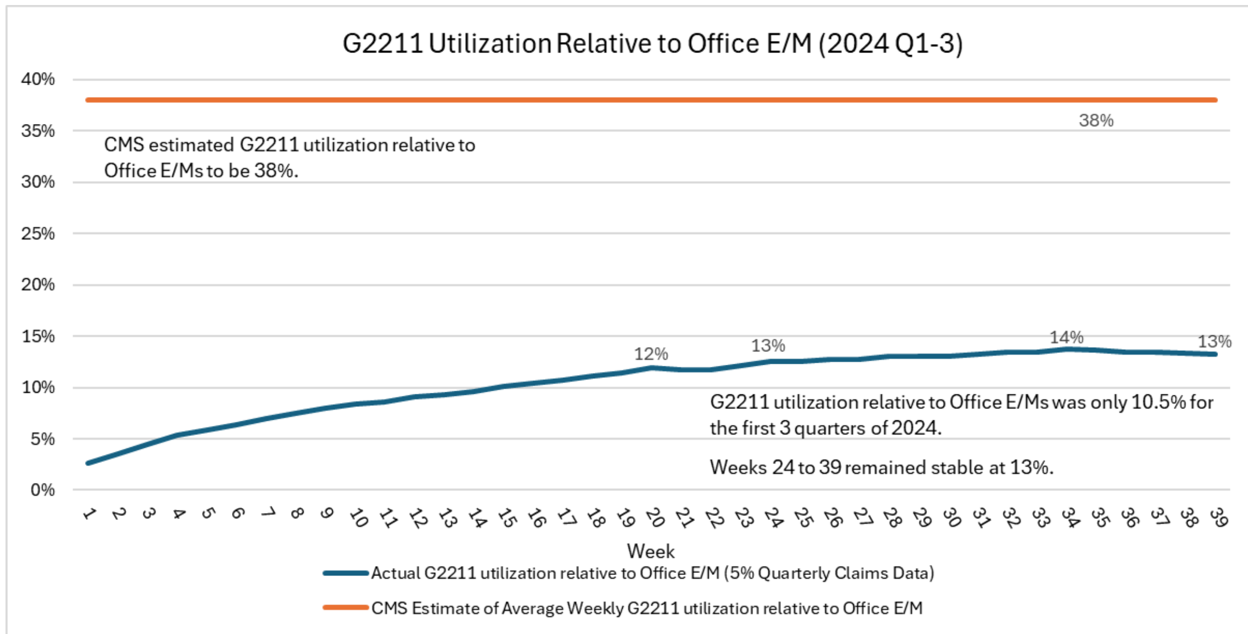
On behalf of the physician and medical student members of the American Medical Association (AMA), I congratulate you on your appointment and want to express our excitement to work with an experienced and successful health care leader like yourself. Today, I write to urge the Centers for Medicare & Medicaid Services (CMS) to revisit its utilization assumption for Healthcare Common Procedure Coding System (HCPCS) code G2211, the Office/Outpatient Evaluation and Management (E/M) Visit Complexity Add-On code, based on our analysis of actual 2024 claims data. In the forthcoming Calendar Year 2026 Medicare physician fee schedule (MPFS) proposed rule, CMS should adjust the Medicare conversion factor (CF) upward to account for the $1 billion difference between CMS' projected and actual utilization of G2211. **Until CMS corrects the CF to reflect real-world data, the MPFS will continue to suffer an annual underpayment by $1 billion.** The Trump Administration can fix this discrepancy and stop a permanent across-the-board reduction to Medicare physician payment, which otherwise will continue to threaten the sustainability of physician practices and access to care for America's seniors and individuals with disabilities.

Background

In 2024, Medicare began paying for HCPCS code G2211, which was developed to be reported along with office visits when there is a longitudinal relationship between the physician and patient, and the physician serves as the continuing focal point for medical services that are part of ongoing care related to a patient's single, serious condition or a complex condition. Under the Medicare statute, CMS must annually adjust the Medicare CF to maintain budget neutrality, meaning that increases in payment for one service must be offset by corresponding decreases elsewhere, so that overall Medicare spending does not rise solely due to changes in relative value units. To determine the budget neutrality adjustment needed for G2211, the Biden Administration needed to develop an estimate of how frequently G2211 would be billed in 2024. The final estimate that CMS included in the CY 2024 MPFS final rule was that G2211 would be billed with 38 percent of all office/outpatient E/M visits reported in 2024. However, instead of being reported with 38 percent of all office visits, an AMA analysis of the first three quarters of 2024 Medicare claims data found that G2211 was reported with only 10.5 percent of office visits.

The following graph shows that in 2024, G2211 utilization steadily increased every week but stabilized at roughly 13 percent by week 24 (through week 39). If this stability continues, we can expect the utilization of G2211 relative to Office/Outpatient E/M to be 11.2 percent for 2024. This is consistent with the 10

percent utilization estimate put forward by the American College of Physicians and reiterated by the AMA in our comments. However, it is markedly lower than the 38 percent assumption implemented by CMS under the Biden Administration. To translate this misestimate into a dollar figure, for 2024, the AMA used quarterly claims data to determine the actual G2211 allowed charges ($390 million) and compared it to the inferred CMS estimate of G2211 allowed charges ($1.3 billion).[1] This comparison showed that CMS overestimated the expected cost of G2211 by nearly $1 billion.



This misestimate is not without consequence. Because G2211 was implemented in a budget neutral manner and was expected to increase Medicare spending drastically, it resulted in a steep, unwarranted cut to the Medicare CF. Specifically, the budget neutrality adjustment in the 2024 final rule resulted in a 2.18 percent decline to the 2024 CF, but the actual 2024 claims data suggest this should have been a 0.79 percent decline. Therefore, the 2024 budget neutrality adjustment cut was nearly three times as large as it should have been.

Recommendation

As a result of the previous Administration's overestimation of the use of G2211, the MPFS was incorrectly reduced by $1 billion in 2024. Absent correction, this shortfall will continue indefinitely, further eroding the unsustainable Medicare physician payment system and the ability of physicians to continue to care for America's seniors and those with disabilities. **The AMA strongly urges CMS to correct the utilization estimate for G2211 based on actual claims data from 2024 by making a prospective budget neutrality adjustment to the 2026 CF in the forthcoming 2026 MPFS proposed rule.**

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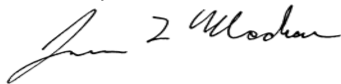
[1] The estimated G2211 utilization (84 million) and utilization relative to Office/Outpatient E/M (38 percent) can be found in the materials provided by CMS. The CMS spending estimate is calculated as the product of the estimated G2211 utilization (84 million), relative value units of G2211 (0.49), and CF ($32.74 from the 2024 final rule).

The Medicare Trustees and the Medicare Payment Advisory Commission (MedPAC) have issued warnings about beneficiaries losing access to high-quality care due to insufficient Medicare physician payment. The Trustees, in their 2024 report, reiterated their long-term concerns about beneficiary access without changes to payment updates. Similarly, MedPAC's June 2024 Report explicitly warned that the growing gap between physician costs and Medicare payments "…could create incentives for clinicians to reduce the number of Medicare beneficiaries they treat or stop participating in Medicare entirely." Addressing the G2211 overestimate represents a crucial step CMS can take administratively to help alleviate the very payment pressures and patient access concerns highlighted by the Medicare Trustees and MedPAC.

We greatly appreciate your attention to this time-sensitive request. Should you have any questions about this letter, please do not hesitate to contact Margaret Garikes, Vice President of Government Affairs, at Margaret.garikes@ama-assn.org.

Sincerely,



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