

June 6, 2025

VIA ELECTRONIC TRANSMISSION

The Honorable John Thune
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Leaders Thune and Schumer:

As you consider next steps on the House-passed reconciliation bill, the undersigned physician organizations respectfully urge you to make key improvements that are necessary to avoid further strain on physician practices, safeguard access to medical education, and prevent potential coverage losses for vulnerable populations. These changes are essential to ensuring that patients continue to receive high-quality care from well-trained physicians. Specifically, we urge the Senate to:

1. Build on the House passed language related to Medicare physician payment by addressing the 2025 payment cuts and accelerating alignment with a full annual Medicare Economic Index (MEI) inflation update.
2. Protect access to federal student loans by opposing proposed borrowing caps and preserving full access to Grad PLUS and Unsubsidized Direct Loans.
3. Prevent coverage losses by addressing provisions in the reconciliation bill that could increase the number of uninsured and protect Medicaid access for individuals without other coverage options.

The following sections provide context for each of our recommendations and outline their real-world implications for patients.

1. Medicare Physician Payment

Section 44304 of the House-passed reconciliation bill includes a long-overdue structural reform by tying Medicare physician payment updates to the Medicare Economic Index (MEI), which tracks

inflation in practice costs. The work done in the House of Representatives represents meaningful progress after decades of stagnant or declining payments, the legislation applies only a portion of MEI beginning in 2026. It does not address the significant 2025 cut that physicians are currently experiencing. Moreover, under the House-passed bill, Medicare physician payments would not return to 2024 levels until 2029.

This incremental approach leaves physician practices exposed to continued financial instability. For many, especially those in rural and underserved areas, the delay in full inflationary updates compounds longstanding pressures. This includes rising overhead costs, staffing shortages, and ongoing administrative burdens. Unlike hospitals and other Medicare providers who receive automatic inflation adjustments, physician practices must absorb cost increases year after year without any baseline update to keep pace. As operating margins shrink, practices are forced to make difficult decisions to reduce services, delay investments in technology or staffing, or sell to larger systems. For many, selling is a last resort, but increasingly, it is the only viable option.

These pressures are fueling a wave of consolidation that is reshaping the health care landscape. Independent physician practices are vanishing, and entire markets are increasingly dominated by a small number of powerful entities. UnitedHealth Group, for example, is now the largest employer of physicians. Continued inaction on Medicare payment reform will only accelerate these trends, distorting local markets and limiting patient choice.

We urge the Senate to build on the House-passed language related to Medicare physician payment by addressing the 2025 payment cuts and accelerating alignment with a full annual Medicare Economic Index (MEI) inflation update.

2. Federal Student Loans

Section 30011 of the House reconciliation package would place borrowing caps on federal student loans of \$50,000 for undergraduate programs, \$100,000 for graduate student programs and \$150,000 for professional programs. We are incredibly concerned that these limits will cause far fewer students to be able to afford medical school, exacerbating the existing physician shortages across the country, especially in rural areas

Currently, the average medical student graduates with over \$235,000 in medical school debt and nearly \$265,000 in total educational debt. This debt burden reflects the high cost of obtaining a medical or dental degree, which is driven by several factors including the need for specialized faculty, advanced clinical training infrastructure, compliance with accreditation standards, and rising institutional overhead tied to federal and state regulatory requirements. Unlike many other

graduate programs, medical and dental schools require full-time, year-round enrollment. This limits students' ability to work and increases their reliance on federal loans. And while their reliance on federal loans is high, they are among the most reliable borrowers. According to industry sources, default rates for medical graduates remain consistently close to zero, even with significantly higher-than-average debt burdens.

We ask the Senate to reconsider the approach to federal loans for medical and dental students to ensure this country can continue to produce much-needed physicians and dentists to care for our growing population. Further, we urge Congress to maintain the Grad PLUS program and protect full access to Unsubsidized Direct borrowing for aspiring medical and dental students.

3. Medicaid

Medicaid is not just a safety-net program—it is a critical pillar of the American health care system providing coverage to over 70 million people. Patients rely on Medicaid for essential surgical and medical care, from emergency life-saving procedures to routine preventive services, including managing chronic conditions. Our members provide care in rural, suburban, and urban communities in a variety of practice settings.

Provisions that risk disrupting coverage, whether through work reporting requirements or cost-shifting to states, could significantly increase the number of uninsured. When uninsured individuals delay care, their conditions often progress unchecked until they require emergency intervention. This not only leads to poorer patient outcomes, but it also places significant strain on already overwhelmed emergency departments.

We urge the Senate to protect access to Medicaid for those who are unable to obtain traditional health insurance and severely reduce and ideally eliminate those provisions that are projected to directly or indirectly increase the number of uninsured patients.

Conclusion

Previous legislative packages have fallen short of altering the long-term trajectory of growing health system consolidation, persistent physician shortages, and systemic strains on Medicaid. Without meaningful Senate improvements, this legislation will fall short of preserving access to care and supporting the physician workforce. We stand ready to work with you to enact a reconciliation package that strengthens, rather than weakens, the foundations of care delivery.

American Academy of Allergy, Asthma & Immunology

American Academy of Facial Plastic and Reconstructive Surgery

American Academy of Family Physicians

American Academy of Hospice and Palliative Medicine

American Academy of Neurology

American Academy of Ophthalmology

American Academy of Physical Medicine & Rehabilitation

American Clinical Neurophysiology Society

American College of Cardiology

American College of Emergency Physicians

American College of Mohs Surgery

American College of Obstetricians and Gynecologists

American College of Physicians

American College of Surgeons

American Gastroenterological Association

American Orthopaedic Foot & Ankle Society

American Society for Metabolic and Bariatric Surgery

American Society for Radiation Oncology

American Society for Surgery of the Hand Professional Organization

American Society of Breast Surgeons

American Society of Cataract & Refractive Surgery

American Society of Colon & Rectal Surgeons

American Society of Echocardiography

American Society of Plastic Surgeons

Coalition of State Rheumatology Organizations

College of American Pathologists

Heart Failure Society of America

Medical Group Management Association

Society for Vascular Surgery

Society of Gynecologic Oncology

The Society of Thoracic Surgeons