American Academy of Dermatology Association

MEDICARE CUTS ARE UNSUSTAINABLE:

DERMATOLOGY FACES DISPROPORTIONATE 9% PAYMENT REDUCTION IN CY 2027

The Reality: Inflation is rising, but Medicare reimbursement is falling

Physicians are the only healthcare providers whose Medicare payments do not receive an annual statutory inflation update. While overhead costs, clinical staff wages, equipment, and general inflation continue to surge, the proposed CY 2027 Medicare Physician Fee Schedule subjects dermatologists to an estimated 9% net payment cut in a single year. This trajectory is entirely unsustainable.

Why dermatology is disproportionately hit

While payment cuts threaten the entire physician community, this proposed rule hits dermatology disproportionately hard due to two targeted proposals:

1. **A 50% cut to same-day evaluation and procedure care (Modifier 25).**
2. **Volatile shifts in practice expense calculations** that would result in cuts to dermatological care.

The bottom-line scale and impact

Independent and rural practices bear 100% of their operational costs and simply cannot absorb a 9% reduction on top of years of unaddressed inflation. When practices are pushed to the financial brink, Medicare beneficiaries pay the price through reduced clinic capacity, longer wait times, and delayed diagnoses for critical conditions like skin cancer.

What Congress can do

- Contact CMS about the cuts: Urge the CMS Administrator to withdraw the proposed 50% same-day E/M reduction (Modifier 25) and pause indirect practice expense changes prior to finalizing the CY 2027 rule.