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Executive Summary

Written Testimony of Murad Alam, MD, MSCI, MBA, FAAD
President, American Academy of Dermatology Association

United States House Committee on Energy & Commerce Health Subcommittee Hearing:
Examining Legislative Proposals to Reform Medicare Provider Payment and Bolster Health Care Cybersecurity

September 15, 2026

Bottom Line:

More than 20 years of declining Medicare physician payment when accounting for inflation, compounded by the cuts proposed in the CY 2027 Medicare Physician Fee Schedule (MPFS), threaten the viability of independent dermatology practices and beneficiary access to timely skin cancer care. The Academy urges Congress to enact H.R. 9693, the Patients First Act, which would modernize the Medicare physician payment through a permanent inflationary update, budget neutrality reform, and an overhaul of the Merit-incentive Based Payment System.

Why this matters for Medicare beneficiaries:

Skin cancer is the most common cancer in the United States, and the majority of melanoma and non-melanoma patients are age 65 or older. Most dermatologic care is furnished in private, office-based practices. Data from the Health Resources and Services Administration indicates dermatology meets only 37.1% of patient demand in non-metro areas. Delayed detection turns minor excision into advanced, disfiguring or metastatic disease. Over the past eight years, dermatologists' privately insured patient volume rose 21% while Medicare patient volume fell 27%.

The threat of the CY 2027 MPFS:

With the expiration of the 2.5% update provided by Congress for CY 2026 and CMS's proposed 2027 MPFS, dermatologists will see a estimated cut of at least 11%. Dermatology represents 4.1% of physician specialty spending and 0.28% of total Part B expenditures yet absorbs roughly 30% of all national Modifier 25 reductions.

Structural issues:

Inflation: Practice operating costs have risen 63% since 2001, while inflation-adjusted Medicare physician reimbursement declined 33% from 2001 to 2026. MedPAC recommends tying physician payment to the Medicare Economic Index (MEI).

Budget Neutrality: The expenditure threshold has been unchanged since 1992, and CMS cannot correct utilization overestimates. Transitional care management is the cautionary case: CMS projected 5.6 million annual claims against fewer than 300,000 actual first-year claims, producing a \$5.2 billion reduction in physician payments from 2013 to 2021.

Quality reporting: MIPS disproportionately penalizes small, rural, and high-social-risk practices. MIPS Value Pathways remain overly broad, and the current dermatology MVP decouples melanoma cost from inflammatory-disease quality. The Academy recommends MVPs tailored to specific conditions, episodes of care, and major procedures.

The Academy supports:

H.R. 9693, the Patients First Act: a permanent inflationary update at MEI minus 1%, budget neutrality reform, and a MIPS overhaul

H.R. 8163, the Provider Reimbursement Stability Act: raises the budget neutrality threshold, indexes it to MEI every five years, permits utilization corrections, and limits conversion factor volatility

H.R. 8622, the Medicare Physician Data-driven Performance Payment System Act: replaces MIPS "tournament-style" penalties with a link to annual payment updates

CORRESPONDENCE

PO Box 1968
Des Plaines, IL 60017-1968

EMAIL: mrc@aad.org
WEB: aad.org

ROSEMONT, IL OFFICE

9500 W Bryn Mawr Avenue, Suite 500
Rosemont, IL 60018-5216

MAIN: (847) 330-0230
FAX: (847) 240-1859

WASHINGTON, DC OFFICE

1201 Pennsylvania Avenue, NW, Suite 540
Washington, DC 20004-2401

MAIN: (202) 842-3555
FAX: (202) 842-4355