



September 09, 2026

The Honorable Selina Bliss

Chair, House Health and Human Services Committee
Arizona House of Representatives
1700 West Washington Street
Phoenix, AZ 85007

Re: Proposed CY 2027 Medicare Physician Fee Schedule Cuts (CMS-1848-P) and Their Impact on Arizona Patients and Practices

Dear Representative Bliss,

On behalf of the Arizona Dermatology Society and the dermatologists we represent across this state, I am writing to share urgent concerns about proposed federal Medicare cuts that threaten the sustainability of Arizona medical practices and our patients' access to care.

The Centers for Medicare & Medicaid Services (CMS) released its proposed Calendar Year 2027 Medicare Physician Fee Schedule on July 14, 2026. The rule would sharply cut payments to physicians who care for seniors and veterans, compounding decades in which physician payment has failed to keep pace with the rising cost of running a practice. CMS proposes a CY 2027 conversion factor of \$32.8409 for physicians who are not qualifying Alternative Payment Model participants, a 1.68% decrease from CY 2026, and estimates a 9% reduction in total RVUs for dermatology. Combined with the expiration of the temporary 2.5% conversion factor increase, dermatology practices face reductions averaging roughly 16.7% over the next two years.

A cut of this magnitude directly jeopardizes a practice's ability to pay the staff who answer phones, assist in exam rooms, and navigate burdensome prior authorization paperwork, as well as rent, supplies, technology, and compliance costs. When practices are forced to trim clinical support, physicians spend less time seeing patients and more time on administrative work. The result is appointment bottlenecks and restricted access for Medicare beneficiaries.

While these cuts affect health care broadly, two proposals in the CY 2027 rule are particularly alarming:

A 50% Cut to Same-Day Care (Modifier 25). CMS proposes an arbitrary 50% payment reduction for an office visit furnished on the same day as a medically necessary procedure with a 0-, 10-, or 90-day global period. Same-day care is the gold standard of patient-centered medicine. It allows a senior or a rural patient to have a suspicious lesion evaluated and biopsied or excised during a single visit, saving a second round trip and avoiding delays in diagnosing

skin cancer. Modifier 25 already requires that the visit be significant, separately identifiable, and medically necessary beyond the work of the procedure, and existing Medicare valuation rules already account for shared overhead. Slashing payment by half penalizes efficient care rather than addressing any demonstrated problem. For some procedures, CMS's own examples show the reduced payment would fall below the direct cost of the staff, supplies, and equipment required to furnish the service, before accounting for physician work at all.

Volatile Practice Expense Formula Changes. CMS proposes to phase out the longstanding Indirect Practice Cost Index and eliminate it entirely beginning in CY 2028, redistributing indirect practice expense away from office-based specialty care. Independent Arizona practices cover 100% of their own operational, staffing, and administrative expenses and have no cushion to absorb sudden, methodology-driven financial shifts of this size.

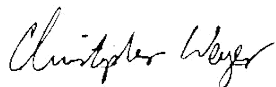
These cuts also reach well beyond dermatology. Primary care physicians, family medicine practices, community health centers, and rural health clinics throughout Arizona routinely perform a skin biopsy or remove a suspicious lesion during the same visit as a wellness exam or annual physical. Under the proposed policy, one of those services would be paid at half its value simply because both were furnished on the same day. That is exactly the kind of efficient, one-stop care Medicare should be encouraging. In rural communities where the primary care provider may be the only clinician within an hour's drive, that single visit is often the only realistic opportunity to catch a skin cancer early. CMS also projects significant reductions for other office-based specialties, including approximately 9% for otolaryngology and 7% for orthopedic surgery.

These concerns are especially acute in Arizona. Our state carries one of the highest skin cancer burdens in the nation, and large portions of Arizona are rural or medically underserved, where patients already travel substantial distances to see a dermatologist. When Medicare payment makes comprehensive same-day care financially unworkable, practices are forced to reduce hours, cut clinical staff, consolidate, or close. Care then shifts to hospital outpatient departments, where Medicare pays several times more for identical services. That outcome is worse for patients, worse for taxpayers, and worse for the Medicare program.

While this is a federal rule, Arizona physicians need your help. We respectfully ask that you share these concerns with your colleagues and urge Arizona's congressional delegation to contact CMS leadership directly and press the agency to withdraw the Modifier 25 reduction and pause the practice expense methodology changes before the rule is finalized this fall.

Thank you for your attention to this issue and for your service to the people of Arizona. We would welcome the opportunity to meet with you or your staff, and we are glad to provide additional information or connect you with dermatologists in your district who can speak to the real-world impact on their patients.

Sincerely,



Christopher Weyer, DO

President, Arizona Dermatology Society