

Physicians Have Lost One-Third of Their Medicare Income Since 2016, According to Omniscient Health

Doctors are pulling back from treating senior citizens even as the aging population and demand for elder care rises



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DALLAS, TX, UNITED STATES, August 18, 2025 /EINPresswire.com/ -- Omniscient Health <https://omniscienthealth.com/>, a healthcare data science, research and consulting firm, has found doctors are currently paid one-third less for Medicare patients than a decade ago. The [2025 Omniscient Health Physician Medicare Income Report](#) shows the 33.6% decline in real income is driven by three converging forces:

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*Meade Monger, PhD, CEO of
Omniscient Health*

- Traditional Medicare reimbursement rates for outpatient procedures have decreased every year since 2016, for a cumulative decline of 10%.
- Medicare Advantage is worse, with physicians paid an estimated 10% to 15% less than for traditional Medicare patients.
- Over the same period, U.S. inflation has risen by almost 30%, significantly increasing the cost of staff salaries, rent, medical supplies, and technology.

“Falling reimbursements and rising costs have created a widening gap between what it costs to provide care and what physicians are paid to deliver it. With Medicare Advantage enrollment and underpayments factored in, the imbalance grows more dire,” said Meade Monger, PhD, CEO of Omniscient Health.

MA raises physician financial pain

With [54% of Medicare beneficiaries enrolled in MA plans in 2025](#), up from 33% in 2016, simply maintaining a Medicare patient panel is no longer financially neutral for physician practices. It is

often a negative-margin proposition, especially when considering the additional financial burdens of slow payments and managing prior authorization and denials. MA plans take roughly twice as long to reimburse providers compared to traditional Medicare, increasing physicians' cost of capital and reducing net revenue by another 1%, Omniscent Health found.

Moreover, Medicare Advantage denials lead to a net loss of 7% of revenue, according to a [June 2025 Health Affairs article](#). That's nearly twice the loss from denials for traditional Medicare, according to Omniscent Health research.

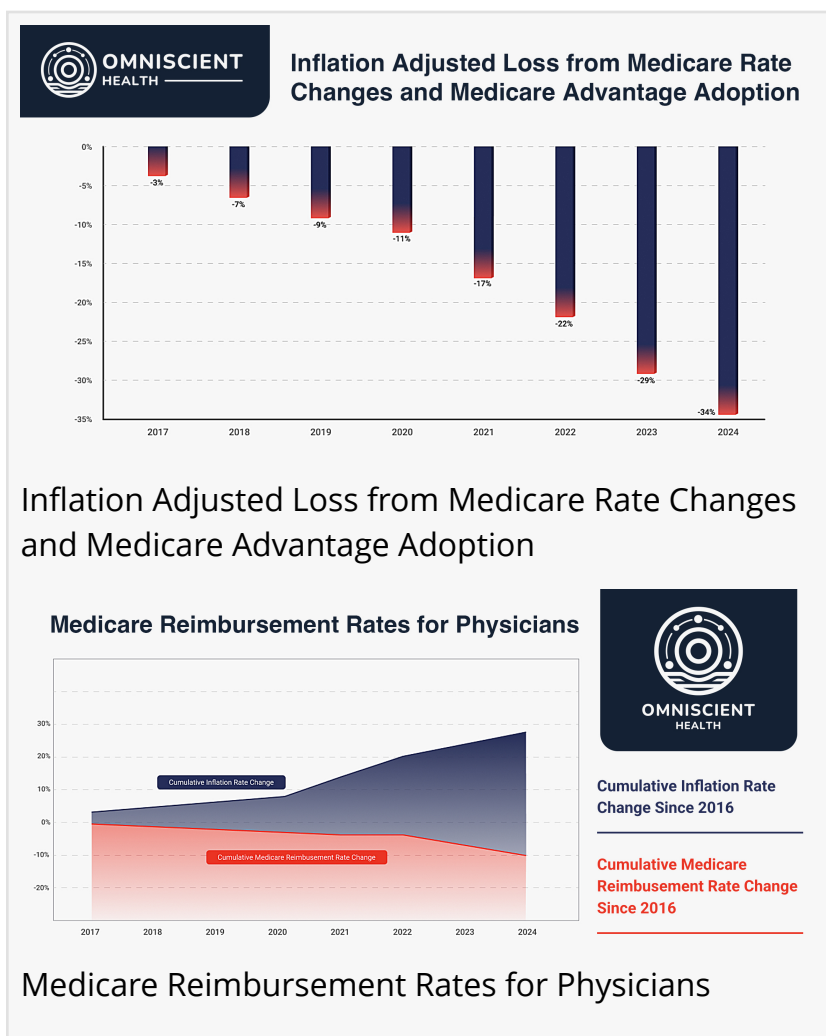
- Once administrative overhead, claim denials, and payment delays for MA plans are accounted for, physicians end up retaining as little as 85 cents for \$1 they would earn under traditional Medicare.

Fewer doctors to treat Medicare patients

The MA reimbursement gap is already driving major shifts in provider behavior and network participation. A 2024 survey by the Healthcare Financial Management Association found that 19% of health systems have stopped accepting at least one MA plan, with another 61% planning to do so or actively considering it.

To a somewhat lesser extent, declining traditional Medicare reimbursements also challenge financial viability for physicians. The negative impact can extend beyond Medicare because commercial insurers often use Medicare rates as a benchmark.

"Despite the rising demand for care from an aging U.S. population, the financial strain is forcing physicians to rethink whether they will continue serving Medicare patients. High-volume Medicare practices, especially those in primary care and rural areas, are increasingly unable to sustain operations under current revenue structures," Monger said. "Without a significant change in reimbursement, the consequences for seniors will be serious, including restricted access that leads to delaying or forgoing care until it's an emergency, hurting the patients' quality of life while driving up healthcare costs."



Reversing the trend

To ease the considerable burden on physicians, one important improvement instigated by the federal government is already underway: Streamlining prior authorization by requiring faster decisions and making the process electronic instead of paper- and fax-based. Some insurers also recently have announced plans to decrease the number of procedures that require prior auth.

But payments themselves need to change. While standardizing claim denial processes and ensuring timely payment could reduce administrative burdens and strengthen the financial viability of physicians serving treating Medicare patients, there is little to no room left for continued rate reductions. Policymakers should index Medicare reimbursement rates to inflation and set clear payment standards for MA plans. Otherwise, the payment model needs a complete overhaul.

These reforms, paired with enhanced transparency, could help preserve provider participation and safeguard access to care for the aging U.S. population.

About Omniscient Health

Omniscient Health is a healthcare data science company that addresses key challenges facing healthcare providers in managing and operating their businesses, particularly when dealing with multiple facilities using different electronic health records (EHRs), practice management systems (PMS) and other information systems. By rapidly connecting these disparate systems into a single, comprehensive data platform within weeks, the company enables seamless data integration and real-time insights, allowing healthcare providers to operate more efficiently.

Additionally, the company helps providers benchmark their negotiated contract prices with payers by leveraging a proprietary data lake that includes all negotiated rates across every National Provider Identifier (NPI) in the U.S. for major healthcare insurers. The Collection Calculator solution developed by Omniscient Health identifies collection shortfalls within the revenue cycle function and quantifies reasons for the shortfalls, such as denial type areas of underpayment, and offers actionable solutions to address them. By automating routine clerical tasks and developing detailed profitability models, the company provides clear insights into earnings, empowering healthcare providers to optimize financial performance and reduce operational inefficiencies.

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