Inside the massive proposed 2023 Medicare physician pay schedule

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The proposed 2023 Medicare Physician Payment Schedule (PFS) rule contains a mix of payment cuts, policy proposals and announcements regarding payment for telehealth and evaluation-and-management (E/M) services.

Slogging through the document’s 2,066 pages can be a daunting task. The AMA, however, has released a 12-page summary (PDF) that has crystalized some of the Proposed Rule’s highlights. The Centers for Medicare & Medicaid Services (CMS) has released a fact sheet that also gives the agency’s view of the highlights.

The summary notes that analysis of the PFS proposed rule continues, and the AMA will release draft comments prior to CMS’ Sept. 6 deadline.

Leading the charge to reform Medicare pay is a critical component of the AMA Recovery Plan for America’s Physicians. You took care of the nation. It’s time for the nation to take care of you. It’s time to rebuild. And the AMA is ready.

The AMA has challenged Congress to work on systemic reforms and make Medicare work better for you and your patients. Our work will continue, fighting tirelessly against future cuts—and against all barriers to patient care.

Conversion factor reduced

The first item on the payment schedule discussed in the summary is the proposed $33.0775 Medicare conversion factor (CF) for 2023, which represents a $1.53 reduction (4.42%) from the 2022 CF. The reduction is driven by the expiration of a one-time 3% CF increase Congress passed last December as part of an appropriation package that averted scheduled Medicare physician payment cuts totaling around 9.75%.
Additionally, about 1.5% of the CF reduction is attributable to a budget-neutrality statute requiring that, when there is projected growth of $20 million in spending on services included in the payment schedule, there must be corresponding cuts elsewhere.

Read more from the AMA on why across-the-board Medicare physician pay cuts are the wrong way forward.

The projected growth in spending stems from an upward adjustment for inpatient E/M services provided in hospitals, nursing homes, emergency departments and home health services.

More E/M changes proposed

CMS is building on the revisions it adopted for 2021 for E/M services provided in physician offices and other outpatient settings. The agency is proposing to generally adopt the Current Procedural Terminology (CPT®) codes and guidelines developed by the CPT Editorial Panel and the valuations recommended by the AMA RVS Update Committee (RUC) for inpatient and other settings, according to the summary.

“In total, the E/M code sets being revised for 2023 comprise approximately 20% of all allowed charges under the Medicare Physician Payment Schedule,” the summary says. “Therefore, these changes, along with other coding and valuations changes, are estimated to require a reduction of about 1.5% to the 2023 Medicare conversion factor due to statutory budget neutrality requirements.”

Along with the reduced CF, the payment schedule includes a 0% payment update that fails to account for significant inflation in practice costs.

Telehealth coverage extended

Early in the COVID-19 pandemic, CMS expanded the Medicare Telehealth List with the addition of some 150 services, including emergency department and telephone visits. Some of these services were listed as “interim” with coverage lasting until the end of the public health emergency (PHE), while others would have coverage extended for another five months after the PHE ends.

For 2023, CMS proposes extending coverage for all interim telehealth services for five months after the PHE ends. Meanwhile, the House of Representatives voted overwhelmingly for a bipartisan bill that extends Medicare telehealth payment and regulatory flexibilities through the end of 2024.
CMS also proposes to add a number of other services to the telehealth coverage list including therapy services, ophthalmology services, and patient education and training in self-measured blood pressure management.

Additionally, CMS proposes to raise payment rates for opioid treatment programs to better reflect the costs of the counseling services, while also proposing to pay for the initiation of buprenorphine to treat opioid-use disorder via telehealth, rather than just in person, to further improve access.

Supporting telehealth is another essential component of the AMA Recovery Plan for America’s Physicians. Telehealth is critical to the future of health care, which is why the AMA continues to advocate for expanded telehealth policy, research and resources to ensure physician practice sustainability and fair payment.

The AMA, in collaboration with 120 other physician and health care organizations, is offering specific recommendations (PDF) to Congress and CMS that will put the nation’s health care system on solid and sustainable financial ground.

Discover 10 principles that policymakers should follow to fix Medicare’s unsustainable physician payment system and find out why Medicare’s trustees agree that system doesn’t have a long-term future.