

July 11, 2024

Physician Pay 2025: -2.8%

Primary Care Winners, VBC Goodies, Mental Health & Telehealth

Relevant Companies

ALL HEALTHCARE

»» Our Take & Next Up

CMS proposed a primary care friendly rule; however, physicians overall face a 2.8% overall cut. CMS released its proposed 2025 physician fee schedule (PFS) late yesterday. Full rule can be found [here](#). This year's proposed rule proves to be less volatile for specialties. While this is a proposal, we see these as potentially being largely finalized as proposed. Stakeholders have until Sep 9 to submit comments. The final rule will be out on or around Nov 1, with new policies and payment rates starting Jan 1, 2025. Telehealth, mental health, MSSP (value-based care) policies are also proposed. We will release a biopharma-specific memo as well, as there are updates to radiopharmaceuticals, immunosuppressive drugs, Hep B vaccines, opioids, cell & gene therapies as well as other updates as CMS reimburses providers in a physician setting via Part B.

»» Key Points

PHYSICIAN PAY DETAILS

The proposed 2025 conversion factor is \$32.36, a decrease of \$0.39 compared to the 2024 conversion factor of \$32.75. This takes into account the 0.05% budget neutrality adjustment, the 0.00% update adjustment factor, and the removal of the temporary 2.93% payment increase for services.

This year's pay updates and cuts are much less drastic compared to last year's, with most specialties hovering in the -1% to +1% range. The most drastic changes seen in Clinical Psychologists (+3%) and Clinical Social Workers (+4%), Diagnostic Testing Facilities (-2%), Interventional Radiology (-3%), Ophthalmology (-2%), and Thoracic/Vascular Surgery (both -2%). All other specialties hover comfortably in the -1% to +1% range. Many specialties see no percent change at all.

PRIMARY CARE & VALUE-BASED CARE

A rule with several wins for primary care. CMS is proposing to allow payment for an add-on code for complex office or outpatient visits (O/O E/M) when these visits occur on the same day as an Annual Wellness Visit (AWV), vaccine administration, or any Part B preventative service. This aims to cover the extra work involved in complex primary care visits, especially in building the practitioner-patient relationship.

CMS is proposing to establish a new "prepaid shared savings" option for eligible ACOs with a history of earning shared savings (PRVA, others). Eligible ACOs would receive advances of earned shared savings for investments to aid beneficiaries. The proposed application start date is January 1, 2026.

CMS is proposing to reopen ACO payment determinations to establish a calculation methodology for the impact of improper payments in recalculating expenditures and payment amounts used in Shared Savings Program. This includes an adjustment to the historical benchmark to account for the impact of improper

payments, as well as the establishment of a process for ACOs to request to reopen an initial determination of shared savings or shared losses.

Other changes to MSSP policies include:

- **Changes to eligibility requirements.** CMS proposes a grace period for ACO's that fall below 5,000 assigned beneficiaries requirement while beginning a new agreement period.
- **A revision to the definition of primary care services** used for purposes of beneficiary assignment under the Shared Savings Program to align with PFS payment policies.
- **CMS is proposing to remove the requirement that an ACO provide follow-up communication at the next primary care service** and would instead only require ACOs to provide the follow-up communication within 180 days of the original beneficiary notification.

CMS also proposes new bundled payments for advanced primary care teams. CMS has released an RFI to gather feedback on potential payment policies for advanced primary care services, and the team will do a full review of the details of this proposal. CMS is creating three new HCPCS codes for services that incorporate elements of several existing care management and communication technology-based services into a bundle. Practices must meet several requirements before billing the codes, but CMS notes this is a first step in a multiyear effort towards hybrid payment and accountable care.

TELEHEALTH

CMS proposes changes to the Medicare Telehealth Services List. This includes adding Home International Normalized Ratio (INR) Monitoring, Caregiver Training, and two forms of PrEP counseling, while removing Radiation Treatment Management.

CMS discusses requests for permanent additions to the Medicare Telehealth Services List. Many services were added to the Medicare Telehealth Services List on a temporary basis and were subsequently retained on a provisional basis. CMS will be conducting a comprehensive analysis of all provisional codes currently on the List before determining which should be made permanent.

CMS is proposing to extend the definition of “Direct Supervision” to include audio-video technology through 2025. We mentioned this in our Hospital Outpatient Rates memo, published earlier today ([here](#)).

Ipsita Smolinski
Managing Director | Capitol Street
ipsita@capitol-street.com

202.250.3741 | www.capitol-street.com

900 19th St NW 6th Fl
Washington, D.C. 20006

CAPITOL STREET

Copyright 2024 Capitol Street.

This communication, including this broadcast and any attachments hereto, is intended solely for the original recipient(s) and may not be redistributed without the written consent of Capitol Street. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of any financial instruments, nor is it intended as advice to purchase or sell such instruments