

Commission Votes 0% Update = Physicians, Surgery Centers

Hospitals & Dialysis Should Get +2.5% Update

HOSPITALS = +2.5%

- **MedPAC voted that Congress update pay for acute care hospitals (THC, UHS, HCA, CYH, others) by “current law” (+2.5%) in 2023.** Inpatient rates will also receive +0.5%. This is identical to the recommendation for 2022. This is compared to updates of +1.35% in 2019, +2.6% in 2020, and +2.4% in 2021.
- **Medicare margins for all Hospitals in 2020 was -8.5% (including relief funds).** For more efficient hospitals, the overall Medicare margin was +1%. “All-payer” margin for 2020 declined to 6.3%, down from record high of 7.6% in 2019.

PHYSICIANS = 0%

- **MedPAC votes that Congress should update pay for physicians by 0% for 2023.** The +/- performance-based adjustment for clinicians in MIPS and a 5% bonus for clinicians in advanced alternative payment models (A-APMs) would be the primary bonuses to payment.
- **MedPAC also voted that HHS should require that clinicians use a claims modifier to identify audio-only Telehealth services in 2023.** CMS is lacking information in claims data indicating whether a telehealth service was provided by audio-only or audio-video interaction. This will be crucial to demonstrating the quality of audio-only and coverage after PHE.
- **Pay reform impact on Primary Care was a major concern re Physician recommendations.** Commissioners last month noted emerging primary care business and models e.g., concierge model that are changing primary care market landscape. Traditional revenue model infrastructures may be falling behind and need some support. Link to slides is [here](#).

AMBULATORY SURGERY CENTERS (ASCs) = 0%

- **ASCs were largely acknowledged as a valuable part of the Medicare healthcare delivery network but for profit-entry is prevalent.** Their actual value to Medicare remains to be seen until cost reporting. Commissioner Brian DeBusk stated that ASCs were not only important tool for physicians to remain independent, but also could provide significant savings in the future. It was also remarked by commissioner DeBusk that by keeping hospital rates high and ASC low, Medicare may be subsidizing MA rates. Slides can be found [here](#).
- **MedPAC voted that Congress should eliminate the update (0%) to the 2022 conversion factor for ambulatory surgical centers for 2023.**
- **MedPAC also voted that HHS should require ambulatory surgical centers to report cost data for 2023.**

DIALYSIS = +2.5%

- **Large Dialysis Organizations (LDO) account for 75% of all facilities & are very profitable, as they continue to grow with acquisitions and vertical integration.** MedPAC noted that there are a growing number of facilities that are for-profit and freestanding. Slides can be found [here](#).
- **Medicare Advantage migration affects the all-payer margins for dialysis.** Chairman Chernew stated there are no current data on size of shift, but dialysis providers have seen the increase in MA beneficiaries.
- **MedPAC voted today that Congress update the Medicare ESRD base rate by the rate determined under current law for 2023 (~+2.5%).**
- **MedPAC predicts a 2022 Medicare margin of +1.2% (down from +2.7% in 2020) for outpatient dialysis services.** Costs are anticipated to increase more than statutory payment rate. Historically, dialysis margins went down in 2014-17, then up in 2018-19. The aggregate Medicare margin changed in response to implemented payment policies, with lower margins from 2014-2017 as rebasing was phased in, and increased margins in 2018, 2019 and 2020 due to TDAPA (transitional drug add-on payment adjustment).
- **Medicare margin for dialysis services in 2020 was +2.7%.** All-payer margin for 2020 was +16%, +16.5% with relief funds.

HOSPICE = 0% UPDATE

- **MedPAC voted that Congress eliminate the update (0%) to the 2023 Medicare base payment rates for hospice and wage adjust and reduce the hospice aggregate cap by 20% for 2023.** This is the same recommendation made in January 2021. Slides are [here](#).
- **MedPAC voted HHS should require hospices to report telehealth services on Medicare claims for 2023.** Hospices are not required to report telehealth visits on Medicare claims (except for social worker calls). The lack of data impairs MedPAC's ability to understand the extent to which telehealth visits were furnished during PHE.
- **MedPAC predicts a 2022 Medicare margin of +13% for hospice services.** Medicare margin for all hospices in 2019 was +13.4%.. Note that margins for hospices are 1 year behind due to the standard data lag in calculating aggregate cap.
- **19% of hospices exceeded the aggregate cap in 2019.** Their margins were 22.5% before cap, 19% after return of cap overage. Medicare limits the aggregate payment a hospice provider can receive annually with a cap. Cap for 2022 is \$31,298.