

# Physician Fee Aids Primary Care, Hurts Specialists

## Changes to ACO Risk and Payment Policies Finalized

CMS released its final 2023 physician fee schedule and attached policies that impact providers, technologies and Part B drug manufacturers. Full rule can be found [here](#).

- **PHYSICIAN pay bumps to internal medicine (+3%) and infectious diseases (+4%), while the negatives go to interventional radiology (-3%) vascular surgery (-3%).** Impacts include interventional radiology (-3%), infectious diseases (+4%), family practice (+4%), internal medicine (+7%), geriatrics (+6%), nephrology (+5%), nurse practitioners (+5%), facility psychiatry (+5%), and diagnostic testing facility (+7%). CMS has finalized the proposed rebased and revised Medicare Economic Index (MEI) cost share weights. The final 2023 MEI update is +3.8% based on the most recent historical data available.
- **PHYSICIAN: The final 2023 PFS conversion factor is \$33.06, a decrease of \$1.55 to the 2022 PFS conversion factor of \$34.61.** This takes into account the required statutory update to the conversion factor for CY 2023 of 0%, and the expiration of the 3% supplemental increase to PFS payments for CY 2022.
- **ACO: 3% risk score cap methodology change finalized for 2024... Policy could be applied to MA at some point given plan coding concerns.** Demographic risk scores are based on certain attributes that do not vary with the beneficiary's health condition, such as age, sex, Medicaid status, and original reason for Medicare entitlement. Unlike prospective HCC risk scores, demographic risk scores are not subject to coding intensity because they do not use diagnosis information. Accounting for all changes in demographic risk scores for the ACO's assigned beneficiary population between BY3 and the performance year prior to applying the 3% cap on positive prospective HCC risk score growth could allow for higher benchmarks than the current methodology for ACOs that have experienced increases in health risk among their assigned beneficiary populations. The revised methodology will be applicable starting on January 1, 2024.
- **ACO: Good for small ACOs, those in underserved settings.** Starting in January 2024, Medicare Shared Savings Program (MSSP) will be offering eligible ACOs a shared savings-only BASIC track participation option for a full 5- year agreement period. Beginning on January 1, 2024 and beyond, CMS is finalizing a proposal to remove the limitation on the number of agreement periods an ACO can participate in Level E of the BASIC track. These changes are intended to provide smaller providers in rural and underserved settings additional time to transition to two-sided risk. CMS is also proposing to offer advance investment payments to certain new MSSP ACOs that could be used to address Medicare beneficiaries' social needs. There is also a health equity adjustment of up to 10 bonus points to an ACO's quality performance category score.
- **DRUGS: Part B drug waste refund will negatively impact drug manufacturers.** Starting in January 2023, CMS will require manufacturers to provide a refund to CMS for certain discarded amounts from a refundable single use package drug. The refund amount is the amount of discarded drug that exceeds an applicable percentage, which is required to be at least 10% of total allowed charges for the drug in a given calendar quarter. Exclusions include radiopharmaceuticals or imaging agents, drugs that require filtration during the drug preparation process, and drugs approved on or November 15, 2021 for which payment under Part B has been made for fewer than 18 months. Discarded amounts will be reported using the JW modifier starting in January 2023, and no discarded amounts will be reported with a JZ modifier starting July 2023. This is the application

of the Wyden Grassley “single vial” policy seen in 2019 and passed in the *Infrastructure Investment and Jobs Act*.

- **TELEHEALTH: Post PHE expansion trend holds.** For Category 3 services added on a temporary basis to the Telehealth Services List, CMS will have the services remain on the List through the end of CY 2023. CMS plans to extend the duration of time that services are temporarily included on the telehealth services list during the PHE for at least a period of 151 days following the end of the PHE. Telehealth original site facility fee was updated to \$28.64. Fee takes into account +3.8% MEI increase for CY 2023.
- **ECG MONITORING: Good news for iRhythm (IRTC).** CMS notes it received a series of additional invoices for the SD339 supply and finalizing an updated price of \$260.35 for the SD339 supply. CMS finalized national pricing for CPT codes 93241, 93243, 93245, and 93247 for CY 2023.
- **COLONOSCOPY: A follow-up colonoscopy to an at-home test be considered a preventive service,** cost sharing would be waived for those with Medicare. Additionally, Medicare will cover the service for individuals who are 45+ years old, in line with the newly lowered age recommendation (down from 50) from the United States Preventive Services Task Force.
- **DENTAL: CMS will pay for dental services in Part B** when additional dental services may be integral part of specific treatment of a beneficiary's primary medical condition. CMS will also cover dental services under other clinical scenarios such as dental exams and necessary treatments prior to, or contemporaneously with, organ transplants, cardiac valve replacements, and valvuloplasty procedures. CMS is also finalizing payments for dental exams and dental treatments prior to the treatment for head and neck cancers starting in CY 2024, and finalizing a process in CY 2023 to review and consider public recommendations for Medicare payment for dental service in other analogous clinical scenarios.
- **MENTAL HEALTH: Provider expansion is good news.** CMS will allow licensed professional counselors (LPCs), marriage and family therapists (LMFTs), and other types of behavioral health practitioners to provide behavioral health services under general (rather than direct) supervision. CMS finalized its proposal to pay for clinical psychologists and licensed clinical social workers to provide integrated behavioral health services as part of a patient's primary care team. CMS will cover opioid treatment and recovery services from mobile units, such as vans and pay Opioid Treatment Programs that use telecommunications with patients for initial appointments for buprenorphine. CMS will increase the methadone pay for CY 2023 to \$39.37 (+5.3%).
- **DEVICES: Positively, CMS did not finalize the coding policies to cover skin substitute products under the PFS as incident to supplies starting in 2024.** CMS believes that more stakeholder feedback is needed and will conduct a Town Hall in early CY 2023 with interested parties to address commenters' concerns as well as discuss potential approaches to the methodology.
- **OUR TAKE / NEXT STEPS:** The final rule largely reflects what was proposed in July, with new policies and payment rates starting Jan 1, 2023. We assume that specialist physicians will push year-end legislation but it is unclear at this point whether it will be included in a mid-December budget bill that will likely include other healthcare riders, such as clinical labs, dialysis, possibly home health and other items.