CAPITOL STREET

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# Final Physician Pay -2.93% in 2025

## Primary Care and Telehealth Wins

Relevant Companies: ALL HEALTHCARE

## Our Take & Next Up

**Physicians overall will face an incrementally deeper cut to pay in 2025: -2.93% vs. -2.8% as proposed.** CMS released its final 2025 physician fee schedule (PFS) late today. Full rule can be found here. The final rule largely reflects what was proposed with new policies and payment rates starting Jan 1, 2025. The rule includes payment for dental services; updates to drugs and biological products (cell& gene therapies) paid under Part B; MSSP/ACO changes; Medicare coverage of opioid use disorder services; and telehealth expansions. We could see partial legislative relief to physician pay in an end-of-the year package, depending on election outcome.

## Key Points

### PHYSICIAN PAY DETAILS

**The finalized 2025 conversion factor is $32.35, a decrease of $0.94 (or ~3%) compared to the 2024 conversion factor of $33.29.** This takes into account the 0% overall update required by law, the expiration of the temporary 2.93% increase in payment for CY 2024, and a relatively small estimated 0.02% adjustment necessary to account for changes in work RVUs for some services.

**This year's pay updates and cuts are largely same as proposed, 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 Vascular Surgery (–2%). All other specialties hover comfortably in the –1% to +1% range. Many specialties see no percentage change at all.

### PRIMARY CARE & VALUE–BASED CARE

**CMS finalizes 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 finalizes ACO payment determination changes** 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 finalized changes to MSSP policies include:**

- **Changes to eligibility requirements.** CMS finalized 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.
- **Removing 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.
- **Establishing a Health Equity Benchmark Adjustment (HEBA),** which will adjust an ACO's historical benchmark, based on the proportion of the ACO's assigned beneficiaries who are enrolled in the Part D low-income subsidy (LIS) or who are dually eligible for Medicare and Medicaid. This is a third method of upwardly adjusting an ACO's historical benchmark.

**CMS finalizes new bundled payments for advanced primary care teams.** CMS is establishing 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 the first step in a multiyear effort towards hybrid payment and accountable care.

**CMS finalizes dental coverage for dialysis patients and looks to expand dental coverage to diabetes, SCD, and autoimmune conditions**. FFS Medicare payment may be made for dental services inextricably linked to (1) dental or oral examination in the inpatient or outpatient setting with dialysis services for the treatment of ESRD and (2) medically necessary diagnostic and treatment services to eliminate an oral or dental infection prior to or with, dialysis services. CMS also solicited comments on the potential connection between dental services and the treatment of diabetes and autoimmune diseases, as well as requesting any additional evidence for sickle cell disease and hemophilia.

**CMS finalizes payment for cardiovascular screening (former CMMI model).** The CMS Innovation Center tested the Million Hearts Model, which coupled payments for cardiovascular risk assessment with cardiovascular care management and was found to lower heart attacks and strokes among Medicare FFS beneficiaries. Starting in CY 2025, CMS will provide coding and payment for an Atherosclerotic Cardiovascular Disease (ASCVD) risk assessment service and risk management services to be performed with an evaluation and management (E/M) visit for patients at risk.

## TELEHEALTH

**CMS finalizes changes to the Medicare Telehealth Services List.** This includes caregiver training services on a provisional basis and PrEP counseling and safety planning interventions on a permanent basis.

**CMS finalizes extending the definition of "Direct Supervision" to include audio-video technology through 2025.** CMS will continue to permit direct supervision be provided through real-time audio and visual interactive telecommunications technology only through December 31, 2025. However, for a sunset of services, the agency is making permanent that the supervising physician may provide virtual direct supervision

1. For services furnished with another professional service, when provided by personnel employed by the billing physician and working under their direct supervision, and

2. For office or other outpatient visits for the E/M of an established patient who may not require the presence of a physician or other qualified healthcare professional.

**CMS finalized several telecommunication technology flexibilities for opioid use disorder (OUD) treatment services furnished by treatment programs**. CMS believes these telecommunication flexibilities will meaningfully promote access to care for populations.

- CMS is making permanent the current flexibility for furnishing periodic assessments via audio-only telecommunications beginning January 1, 2025.
- CMS is allowing the OTP intake add-on code to be furnished via two-way audio-video communications technology when billed for the initiation of treatment with methadone.

**CMS finalizes coverage for FDA cleared digital mental health treatment devices**. Devices must be used in conjunction with ongoing behavioral health care treatment under a behavioral health treatment plan of care. CMS is also finalizing three new HCPCS codes to describe these services and will monitor how digital mental health treatment devices are used as part of overall behavioral health care.

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