

Key Changes in Medicare Reimbursement for 2023

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This document summarizes the changes in Medicare reimbursement (and related policies) for 2023, by type of provider and/or service. CMS released the 2023 Medicare Fee Schedule final rules on November 1, 2022, which addressed payment adjustments for CY 2023 and changes to Medicare covered services across all health settings, including inpatient and outpatient hospitals, ambulatory surgery centers ("ASCs"), rural health clinics ("RHCs"), federally qualified health centers ("FQHCs"), and physicians. The subsequent Consolidated Appropriations Act ("CAA"), signed into law by President Biden on December 29, 2022, mitigated or postponed most of the cuts to professional services. The final 2023 payment adjustments are summarized below:

	2023 Payment
Service	Adjustment
Inpatient Hospital	4.3%
Outpatient Hospital; ASC	3.8%
RHC; FQHC	3.8%; 3.9%
Professional (physician)	(2%)

Inpatient Hospital

Payment Rates: CMS increased inpatient rates for acute care hospitals by 4.3% for 2023, for hospitals that participate in the Hospital Inpatient Quality Reporting Program ("IQR") and meet meaningful use requirements. Hospitals may be subject to other adjustments based on excessive readmissions and performance in the Hospital Acquired Condition Reduction program and the Hospital Value-Based Purchasing program.¹

Rural Hospital Funding: The CAA extends rural hospital program funding, including the home health rural 1% add-on payment and federal subsidies for the education of health professionals serving in rural areas.²

Hospital-at-Home: The hospital-at-home waiver was established in 2020 to increase capacity to accommodate COVID-19 patients and allow hospitals to handle emergency and inpatient cases outside of a facility. As of November 2022, 114 health systems and 256 hospitals were approved to provide care in a home setting. Hospital-at-Home was initially scheduled to expire upon termination of the PHE. The CAA extends this through 2024. On a related note, however, CMS announced 3.925% rate cut for home health providers took effect in January.²

¹ <u>https://www.cms.gov/newsroom/fact-sheets/fy-2023-hospital-inpatient-prospective-payment-system-ipps-and-long-term-care-hospital-prospective</u> (August 1, 2022)

² <u>https://www.modernhealthcare.com/law-regulation/omnibus-bill-2022-medicare-rate-cuts-telehealth-waiver-hospital-at-home-rural-hospital</u> (December 20, 2022)

Outpatient Hospital

Payment Rates: CMS increased hospital outpatient payments by 3.8% for 2023.³

Site Neutral Payment Policy: In 2023, Sole Community Hospitals will be exempt from the previous policy that paid clinic visit services at 40% of the OPPS rate when provided in HOPDs. CMS will pay these providers full OPPS rates for these services.³

340B Drug Program: Payments for 340B drugs administered in an outpatient hospital setting (e.g., infusions) will return to the full ASP (Average Sales Price) plus 6% rate. This rule reverses the ASP minus 22.5% payment rate established in 2018.⁴

Ambulatory Surgery Centers

Payment Rates: CMS increased payments by 3.8% for 2023 and added a "complexity adjustment" for certain primary procedures to account for add-on procedures.³

New Covered Procedures: 4 CPTs were added to the ASC Covered Procedures List:⁵

- 1. 19307: Radical mastectomy, modified
- 2. 37193: Removal of intravascular vena cava filter, endovascular approach
- 3. 38531: Biopsy or excision of lymph node(s)
- 4. 43774: Laparoscopic placement of adjustable gastric band

Behavioral Health Changes

Eligible Providers: Several new types of providers will be able to provide eligible behavioral health services under Medicare Part B, including marriage and family therapists, licensed professional counselors, addiction counselors, and certified peer recovery specialists under general supervision rather than direct supervision. Psychologists and social workers that are part of a primary care team are also eligible for payment to help manage behavioral health needs.⁶

Telehealth Services: Telehealth outpatient behavioral health services provided by clinical staff of HOPDs to beneficiaries in their homes have been covered under the PHE emergency rules. This coverage has been extended until December 31, 2024, by the CAA.²

Chronic Pain Services

New CPTs: Three new CPT codes (G3002, G3003; and (for RHCs/FQHCs only) G0511) were created for the management and treatment of chronic pain. These codes cover services furnished during a calendar month, including diagnosis, assessment and monitoring, the development, implementation, revision, and/or maintenance of a person-centered care plan, facilitation and coordination of any necessary behavioral health treatment, medication management, pain related

³ <u>https://www.cms.gov/newsroom/fact-sheets/cy-2023-medicare-hospital-outpatient-prospective-payment-system-and-ambulatory-surgical-center-2</u> (November 1, 2022)

⁴ <u>https://www.mcdermottplus.com/insights/cms-releases-cy-2023-outpatient-prospective-payment-and-ambulatory-surgical-center-payment-systems-final-rule/</u> (November 4, 2022)

⁵<u>https://www.ascassociation.org/asca/aboutus/latestnews/newsarchive/newsarchive2022/</u> november2022/202211medicare2023finalpaymentrule (November 1, 2022)

⁶ <u>https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2023-medicare-physician-fee-schedule-final-rule</u> (November 1, 2022)

crisis care, and on-going communication and coordination between relevant practitioners (e.g., PT/OT) about a patient's pain and treatment plan.⁶

Rural Health Clinics ("RHCs") and Federally Qualified Health Centers ("FQHCs")

RHC All-Inclusive Payment Rate: CMS increased the national statutory payment limit by 3.8% to \$126.⁷ Grandfathered RHCs also had their site-specific rates increase by 3.8%. **FQHCs:** CMS increased FQHC payments by 3.9%, with a \$187 base payment rate.⁸ **Telehealth:** Telehealth services for FQHCs and RHCs are extended through 2024. See "telehealth" section below for more information.

Telehealth Coverage Changes

Background: The COVID-19 Public Health Emergency ("PHE") greatly increased the need for telehealth and accelerated adoption and coverage of virtual services. In March 2020, CMS "temporarily" relaxed Medicare requirements for the ordering and delivery of telehealth services.

Telehealth Extension: Coverage of temporary telehealth codes is extended until December 31, 2024.³ Additionally, providers are no longer required to be licensed in the same state as the patient receiving services.³

Discontinuation of Audio-Only Coverage: Two-way audiovisual telecommunications technology will be required for telehealth (except for mental health services), effective for 2025.³

Direct Supervision: Virtual supervision will be discontinued January 1, 2025, after which direct supervision will revert to pre-pandemic requirements, requiring the supervising physician or practitioner to be "immediately available" to furnish assistance and direction.⁹

Physician Reimbursement

Overall Payment Rates: In the CMS final rule, the conversion factor used to determine physician payments in 2023 was to be \$33.06, which was \$1.55 (or 4.48%) less than the 2022 conversion factor. This decrease was driven by statuary requirements for budget neutrality (1.6% mandated decrease) and the expiration of the 3% supplemental increase that was implemented because of the PHE.⁶ However, the CAA adjusted the conversion factor to a 2% reduction.² Physicians were also to face the end of the 4 percent Pay-As-You-Go (PAYGO) sequestration at the end of 2022. However, the CAA delayed this 4% cut until 2025.¹⁰ The total CMS payment reduction was set to be 8.5% but with the CAA, the actual 2023 reduction will be 2%.⁹ The cuts for 2024 are expected to total another 1.5% (from 2023 rates).¹¹

⁷ <u>https://www.cms.gov/files/document/mm12999-rural-health-clinic-all-inclusive-rate-cy-2023-update.pdf</u> (November 29, 2022)

⁸ <u>https://www.cms.gov/files/document/r11677cp.pdf</u> (November 4, 2022)

⁹ <u>https://www.lexology.com/library/detail.aspx?g=6f627389-a41f-4695-9230-4029989ee94e</u> (December 30, 2022)

¹⁰ https://www.healthindustrywashingtonwatch.com/2023/01/articles/legislative-developments/healthprovisions-of-the-consolidated-appropriations-act-2023-part-1-medicare-payments/ (January 8, 2023)

¹¹ <u>https://www.jdsupra.com/legalnews/omnibus-bill-includes-relief-from-6517271/</u> (December 28, 2022)

RVU Adjustments by Specialty: CMS enacted two "budget-neutral" adjustments at the specialty level: RVU and setting-specific. The RVU changes occur by RVU component (work, practice expense, malpractice) and differ by specialty. The overall change in RVUs for 2023 is 0% for all specialties, but some specialties will see an increase in total RVUs, while others will see a decrease.¹² Specialties that have an RVU adjustment greater than 2% are:

Winners		Losers	
Infectious Disease	5%	Interventional Radiology	(4%)
Geriatrics	3%	Nuclear Medicine, Radiology	(3%)
		Vascular Surgery	(3%)

CMS shifted payments from non-facility settings to facility settings. The total change across specialties and settings is 0%, but there is a total 2% increase in a facility setting across all specialties, and a 1% decrease in non-facility settings across all specialties. For 10 specialties, the difference in rate changes between Non-Facility and Facility settings was 4.5% or more:

	A		B	<u>A+B</u>
	Conversion		Setting-Specific	Total
Specialty	Factor	Setting	Impact	Impact
Family	(2%)	Non-Facility	(1%)	(3%)
Medicine		Facility	5%	3%
Geriatrics	(2%)	Non-Facility	0%	(2.0%)
		Facility		3.5%
Infectious	(2%)	Non-Facility	(2%)	(4.0%)
Disease		Facility		3.5%
Internal	(2%)	Non-Facility	(1%)	(3%)
Medicine		Facility	7%	4.5%
Nephrology	(2%)	Non-Facility	(1%)	(3.0%)
		Facility		3.5%
Nuclear	(2%)	Non-Facility	(3%)	(5%)
Medicine		Facility	4%	2%
Nurse	(2%)	Non-Facility	0%	(2%)
Practitioner		Facility		$-\frac{3}{3}$
Physical	(2%)	Non-Facility	(2%)	(4.0%)
Medicine		Facility	7%	4.5%
Psychiatry	(2%)	Non-Facility	(1%)	(3%)
		Facility		$-\frac{3}{3}$
Pulmonary	(2%)	Non-Facility	(1%)	(3%)
		Facility		2%

Total impact has been rounded to the nearest 0.5%

Table 1 below shows the RVU changes for 2023 by specialty. Table 2 shows the impact of professional payments by specialty and setting (facility vs non-facility).

Table 1: CY 2023 PFS Estimated Impact on Total Allowed Charges by Specialty¹²

(A) Specialty	(B) Allowed Charges (mil)	(C) Impact of Work RVU Changes	(D) Impact of PE RVU Changes	(E) Impact of MP RVU Changes	(F) Combined Impact
Audiologist	\$70	0%	1%	-1%	0%
Cardiac Surgery	\$197	-1%	-1%	0%	-1%
Cardiology	\$6,298	0%	-1%	0%	-1%
Chiropractic	\$669	-1%	1%	0%	0%
Clinical Psychologist	\$784	-1%	0%	-1%	-2%
Clinical Social Worker	\$853	-1%	0%	-1%	-2%
Colon and Rectal Surgery	\$155	-1%	-1%	0%	-1%
Critical Care	\$351	1%	0%	1%	1%
Dermatology	\$3,751	-1%	0%	0%	0%
Diagnostic Testing Facility	\$811	0%	3%	0%	2%
Emergency Medicine	\$2,530	0%	0%	1%	1%
Endocrinology	\$532	0%	0%	0%	0%
Family Practice	\$5,777	0%	0%	0%	0%
Gastroenterology	\$1,589	0%	0%	1%	0%
General Practice	\$371	0%	0%	0%	0%
General Surgery	\$1,758	-1%	-1%	0%	-1%
Geriatrics	\$175	2%	0%	0%	3%
Hand Surgery	\$255	-1%	0%	0%	0%
Hematology/Oncology	\$1,707	0%	-1%	0%	-1%
Independent Laboratory Infectious Disease	\$594	0% 4%	-1%	0% 1%	-1%
Infectious Disease	\$586	2%	0%	1%	5% 3%
	\$9,804 \$924	-1%	-1%	0%	-1%
Interventional Pain Mgmt Interventional Radiology	\$465	-1%	-1%	0%	-1%
Multispecialty Clinic/Other Phys	\$150	-1%	-3%	0%	-4%
Nephrology	\$130	1%	-1%	0%	1%
Neurology	\$1,397	0%	0%	0%	-1%
Neurosurgery	\$727	-1%	0%	1%	0%
Nuclear Medicine	\$53	-1%	-1%	-1%	-3%
Nurse Anes / Anes Asst	\$1,116	-1%	0%	0%	-1%
Nurse Practitioner	\$5,802	1%	0%	0%	2%
Obstetrics/Gynecology	\$592	-1%	0%	0%	-1%
Ophthalmology	\$4,835	-1%	0%	0%	0%
Optometry	\$1,306	-1%	0%	0%	-1%
Oral/Maxillofacial Surgery	\$72	-1%	-1%	0%	-2%
Orthopedic Surgery	\$3,461	-1%	0%	0%	0%
Other	\$58	0%	-1%	0%	-2%
Otolarngology	\$1,134	-1%	-1%	0%	-1%
Pathology	\$1,154	-1%	0%	0%	-1%
Pediatrics	\$1,103	-170	0%	0%	-1%
	\$1,090	2%	0%	0%	2%
Physical Medicine Physical/Occupational Therapy	\$4,978	-1%	1%	-1%	-1%
Physician Assistant	\$3,165	0%	0%	0%	0%
Plastic Surgery	\$320	-1%	0%	0%	0%
Podiatry	\$1,991	-1%	-1%	0%	-2%
Portable X-Ray Supplier	\$77	0%	2%	0%	1%
Psychiatry	\$978	1%	0%	0%	2%
Pulmonary Disease	\$1,395	1%	0%	1%	2%
Radiation Oncology and Radiation	\$1,609	-1%	0%	0%	-1%
Therapy Centers	04 710	10/	10/	20/	20/
Radiology	\$4,712	-1%	-1%	-2%	-3%
Rheumatology	\$546	-1%	-1%	0%	-2%
Thoracic Surgery	\$315	-1%	-1%	0%	-1%
Urology	\$1,752	-1%	-1%	0%	-1%
Vascular Surgery	\$1,098	0%	-3%	0%	-3%
Total	\$90,953	0%	0%	0%	0%

* Column F may not equal the sum of columns C, D, and E due to rounding.

¹² <u>https://public-inspection.federalregister.gov/2022-14562.pdf</u> (July 29, 2022) Tables 138 (Page 1,439-1,441) and 139 (Pages 1,442-1,446)

(A) Specialty	(B) Total: Non- Facility/Facility	(C) Allowed Charges (mil)	(D) Combined Impact
	TOTAL	\$232	-2%
ALLERGY/IMMUNOLOGY	Non-Facility	\$223	-2%
	Facility	\$8	0%
	TOTAL	\$1,741	-1%
ANESTHESIOLOGY	Non-Facility	\$366	-4%
	Facility	\$1,375	-1%
	TOTAL	\$70	0%
AUDIOLOGIST	Non-Facility	\$68	0%
	Facility	\$2	-1%
	TOTAL	\$197	-1%
CARDIAC SURGERY	Non-Facility	\$38	-3%
	Facility	\$159	-1%
	TOTAL	\$6,298	-1%
CARDIOLOGY	Non-Facility	\$4,631	-2%
	Facility	\$1,667	1%
	TOTAL	\$669	0%
CHIROPRACTIC	Non-Facility	\$668	0%
	Facility	\$1	-1%
	TOTAL	\$784	-2%
CLINICAL PSYCHOLOGIST	Non-Facility	\$608	-2%
	Facility	\$176	-2%
	TOTAL	\$853	-2%
CLINICAL SOCIAL WORKER	Non-Facility	\$655	-2%
	Facility	\$198	-3%
when the process of the second second	TOTAL	\$155	-1%
COLON AND RECTAL SURGERY	Non-Facility	\$56	-1%
	Facility	\$100	-1%
	TOTAL	\$351	1%
CRITICAL CARE	Non-Facility	\$53	-1%
	Facility	\$298	2%

Table 2: CY 2023 PFS Estimated Impact on Total Allowed Charges by Setting¹¹

(A) Specialty	(B) Total: Non- Facility/Facility	(C) Allowed Charges (mil)	(D) Combined Impact
	TOTAL	\$3,751	0%
DERMATOLOGY	Non-Facility	\$3,615	0%
	Facility	\$136	0%
	TOTAL	\$811	2%
DIAGNOSTIC TESTING FACILITY	Non-Facility	\$811	2%
	Facility	\$	
	TOTAL	\$2,530	1%
EMERGENCY MEDICINE	Non-Facility	\$231	-1%
	Facility	\$2,299	1%
	TOTAL	\$532	0%
ENDOCRINOLOGY	Non-Facility	\$427	-1%
	Facility	\$105	3%
	TOTAL	\$5,777	0%
FAMILY PRACTICE	Non-Facility	\$4,630	-1%
	Facility	\$1,148	5%
	TOTAL	\$1,589	0%
GASTROENTEROLOGY	Non-Facility	\$603	-1%
	Facility	\$986	0%
	TOTAL	\$371	0%
GENERAL PRACTICE	Non-Facility	\$300	-1%
	Facility	\$70	4%
	TOTAL	\$1,758	-1%
GENERAL SURGERY	Non-Facility	\$509	-1%
	Facility	\$1,249	-1%
Children and Share	TOTAL	\$175	3%
GERIATRICS	Non-Facility	\$98	0%
	Facility	\$78	6%

(A) Specialty	(B) Total: Non- Facility/Facility	(C) Allowed Charges (mil)	(D) Combined Impact
	TOTAL	\$255	0%
HAND SURGERY	Non-Facility	\$135	-1%
	Facility	\$120	0%
	TOTAL	\$1,707	-1%
HEMATOLOGY/ONCOLOGY	Non-Facility	\$1,130	-2%
	Facility	\$577	1%
	TOTAL	\$594	-1%
INDEPENDENT LABORATORY	Non-Facility	\$594	-1%
	Facility	\$	
	TOTAL	\$586	5%
INFECTIOUS DISEASE	Non-Facility	\$93	-2%
	Facility	\$493	6%
INTERNAL MEDICINE	TOTAL	\$9,804	3%
INTERNAL MEDICINE	Non-Facility	\$5,047	-1%
	Facility	\$4,757	7%
	TOTAL	\$924	-1%
INTERVENTIONAL PAIN MGMT	Non-Facility	\$729	-2%
	Facility	\$195	0%
	TOTAL	\$465	-4%
INTERVENTIONAL RADIOLOGY	Non-Facility	\$365	-4%
	Facility	\$100	0%
	TOTAL	\$150	0%
MULTISPECIALTY CLINIC/OTHER PHYS	Non-Facility	\$75	-1%
	Facility	\$74	1%
	TOTAL	\$2,021	1%
NEPHROLOGY	Non-Facility	\$1,280	-1%
	Facility	\$741	6%
	TOTAL	\$1,397	-1%
NEUROLOGY	Non-Facility	\$943	-1%
	Facility	\$454	1%
	TOTAL	\$727	0%
NEUROSURGERY	Non-Facility	\$131	-1%
	Facility	\$597	0%
	TOTAL	\$53	-3%
NUCLEAR MEDICINE	Non-Facility	\$50	-3%
	Facility	\$3	4%
	TOTAL	\$1,116	-1%
NURSE ANES / ANES ASST	Non-Facility	\$25	-5%
	Facility	\$1,091	-1%

(A) Specialty	(B) Total: Non- Facility/Facility	(C) Allowed Charges (mil)	(D) Combined Impact
	TOTAL	\$5,802	2%
NURSE PRACTITIONER	Non-Facility	\$3,778	0%
	Facility	\$2,024	5%
	TOTAL	\$592	-1%
OBSTETRICS/GYNECOLOGY	Non-Facility	\$409	-1%
	Facility	\$183	0%
	TOTAL	\$4,835	0%
OPHTHALMOLOGY	Non-Facility	\$3,445	0%
	Facility	\$1,390	0%
	TOTAL	\$1,306	-1%
OPTOMETRY	Non-Facility	\$1,245	-1%
	Facility	\$60	0%
	TOTAL	\$72	-2%
ORAL/MAXILLOFACIAL SURGERY	Non-Facility	\$61	-2%
	Facility	\$12	-1%
ORTHOPEDIC SURGERY	TOTAL	\$3,461	0%
	Non-Facility	\$1,561	-1%
	Facility	\$1,900	0%
2010 B	TOTAL	\$58	-2%
OTHER	Non-Facility	\$47	-2%
	Facility	\$11	0%
	TOTAL	\$1,134	-1%
OTOLARNGOLOGY	Non-Facility	\$901	-1%
	Facility	\$233	0%
	TOTAL	\$1,163	-1%
PATHOLOGY	Non-Facility	\$1,138	-1%
	Facility	\$26	-1%
	TOTAL	\$57	0%
PEDIATRICS	Non-Facility	\$37	-1%
	Facility	\$20	3%
	TOTAL	\$1,090	2%
PHYSICAL MEDICINE	Non-Facility	\$576	-2%
	Facility	\$514	7%
	TOTAL	\$4,978	-1%
PHYSICAL/OCCUPATIONAL THERAPY	Non-Facility	\$4,978	-1%
	Facility	\$	
	TOTAL	\$3,165	0%
PHYSICIAN ASSISTANT	Non-Facility	\$2,099	-1%
	Facility	\$1,066	2%
PLASTIC SURGERY	TOTAL	\$320	0%
	Non-Facility	\$141	-1%
	Facility	\$179	0%

(A) Specialty	(B) Total: Non- Facility/Facility	(C) Allowed Charges (mil)	(D) Combined Impact
	TOTAL	\$1,991	-2%
PODIATRY	Non-Facility	\$1,773	-2%
	Facility	\$218	0%
BODTABLE V DAVCUDDI IED	TOTAL	\$77	1%
PORTABLE X-RAY SUPPLIER	Non-Facility	\$77	1%
	TOTAL	\$978	2%
PSYCHIATRY	Non-Facility	\$525	-1%
	Facility	\$453	5%
	TOTAL	\$1,395	2%
PULMONARY DISEASE	Non-Facility	\$584	-1%
	Facility	\$811	4%
	TOTAL	\$1,609	-1%
RADIATION ONCOLOGY AND RADIATION THERAPY CENTERS	Non-Facility	\$1,540	-1%
	Facility	\$69	-1%
	TOTAL	\$4,712	-3%
RADIOLOGY	Non-Facility	\$4,486	-3%
	Facility	\$226	-1%
	TOTAL	\$546	-2%
RHEUMATOLOGY	Non-Facility	\$489	-2%
	Facility	\$56	0%
	TOTAL	\$315	-1%
THORACIC SURGERY	Non-Facility	\$66	-3%
	Facility	\$249	-1%
	TOTAL	\$1,752	-1%
UROLOGY	Non-Facility	\$1,255	-1%
ne en arcale de	Facility	\$496	-1%
	TOTAL	\$1,098	-3%
VASCULAR SURGERY	Non-Facility	\$813	-4%
	Facility	\$285	-1%
	TOTAL	\$90,953	0%
TOTAL	Non-Facility	\$61,213	-1%
	Facility	\$29,739	2%