



Key Changes in Medicare Reimbursement for 2024

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This document summarizes the changes in Medicare reimbursement (and related policies) for 2024, by type of provider and/or service, based on CMS’ “final rules.” The 2024 payment adjustments are summarized below (and compared with CBO’s inflation projection):

	Service	2024 Rate Adjustment	Rate change after inflation
Hospital: Inpatient	Acute Care	3.1%	0.0%
	Long-term Acute Care	3.3%	0.3%
	Psychiatric	2.3%	(0.7%)
	Rehabilitation	4.0%	1.0%
Other Part A	Hospice	3.1%	0.0%
	Skilled Nursing Facility	4.0%	1.0%
	Home Health	0.8%	(2.1%)
Part B	Outpatient Hospital; ASC	3.1%	0.0%
	Professional (physician): Current CPTs	(3.4%)	(6.2%)
	Overall (with new CPTs)	(1.25%)	

CBO Projection (2023 Q3 to 2024 Q3 CPI-Urban): 3.0%

Inpatient Hospital

Acute Care: CMS increased inpatient rates for acute care hospitals by 3.1% for 2024, 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. The increase in IPPS payment rates is projected to increase hospital payments in FY2024 by \$2.2 billion.¹

Long-Term Acute Care (LTCH): CMS increased the standard payment rate to increase by 3.3% and PPS payments to increase by 0.2%.¹ LTCH cases that immediately follow an acute care hospital stay are paid the LTCH standard payment rate if (a) the stay is not a psychiatric or rehabilitation stay and (b) the preceding hospital stay included three or more days in the ICU. Discharges that do not qualify for the standard rate are paid under the LTCH PPS payment rate.²

¹ <https://www.cms.gov/newsroom/fact-sheets/fy-2024-hospital-inpatient-prospective-payment-system-ipp-and-long-term-care-hospital-prospective-0> (December 5, 2023)

² https://www.medpac.gov/wp-content/uploads/2021/11/MedPAC_Payment_Basics_22_LTCH_FINAL_SEC.pdf (October 11, 2023)

Inpatient Psychiatric Facilities: CMS increased inpatient rates for psychiatric facilities by 2.3% for 2024.³

Inpatient Rehabilitation Facilities: CMS increased inpatient rates for rehabilitation facilities by 4.0% for 2024. This reflects a FY 2024 IRF PPS market basket update of 3.6%, reduced by a statutorily required 0.2 percentage point productivity adjustment and a 0.6 percentage point increase in outlier payments.⁴

Other Part A:

Hospice: CMS increased hospice payments by 3.1% for 2024. This reflects a FY2024 IPPS hospital market basket update of 3.3%, reduced by a statutorily required 0.2% productivity adjustment. The payment reduction for failing to meet hospice quality reporting requirements will increase from a 2% to a 4% reduction to the annual hospice payment update percentage for the year. Hospices that do not submit the required quality data would receive a hospice payment decrease of 0.9%, which is the FY 2024 increase of 3.1% minus 4 percentage points.⁵

Skilled Nursing Facility: CMS increased SNF payment by 4.0% for 2024. This reflects a FY 2024 SNF market basket update of 3.0% plus an increase in market basket forecast error adjustment of 3.4%. This is reduced by a statutorily-required 0.2 percentage point productivity adjustment and a 2.3 percentage point reduction as a result of the second phase of the Patient Driven Payment Model adjustment recalibration.⁶

Home Health: CMS increased Home Health payments by 0.8% for 2024. This reflects a 3.0% home health payment update increase, an estimated 2.6% decrease that reflects the net effects of the finalized prospective permanent behavior assumption adjustment, and a 0.4% increase that reflects an update to the fixed-dollar loss ratio used in determining outlier payments.⁷

Outpatient Hospital

Payment Rates: CMS increased hospital outpatient payments by 3.1% for 2024, for hospitals that meet applicable quality reporting requirements.⁸

Intensive Outpatient Program: CMS will establish the Intensive Outpatient Program (“IOP”) to address one of the main gaps in behavioral health coverage in Medicare and promote access to

³ <https://www.cms.gov/newsroom/fact-sheets/fiscal-year-2024-medicare-inpatient-psychiatric-facility-prospective-payment-system-and-quality> (December 5, 2023)

⁴ <https://www.cms.gov/newsroom/fact-sheets/fiscal-year-2024-inpatient-rehabilitation-facility-prospective-payment-system-final-rule-cms-1781-f#%3A~%3Atext%3DUpdates%20to%20the%20FY%202024%20IRF%20PPS%20Payment%20Policies%26text%3DWe%20estimate%20that%20this%20adjustment%2Cto%20payments%20in%20FY%202023> (December 5, 2023)

⁵ <https://www.cms.gov/newsroom/fact-sheets/fiscal-year-2024-hospice-payment-rate-update-final-rule-cms-1787-f> (December 5, 2023)

⁶ <https://www.cms.gov/newsroom/fact-sheets/fiscal-year-fy-2024-skilled-nursing-facility-perspective-payment-system-final-rule-cms-1779-f> (December 6, 2023)

⁷ <https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2024-home-health-prospective-payment-system-final-rule-cms-1780-f> (December 6, 2023)

⁸ <https://www.cms.gov/newsroom/fact-sheets/cy-2024-medicare-hospital-outpatient-prospective-payment-system-and-ambulatory-surgical-center-0> (December 7, 2023)

needed behavioral health care. Under this program, behavioral health services provided on an outpatient basis for individuals who have an acute mental illness or substance use disorder would be paid on a per diem basis.⁸

Ambulatory Surgery Centers

Payment Rates: CMS increased ASC payments by 3.1% for 2024 for ASCs that meet applicable quality reporting requirements.⁸

New Covered Procedures: CMS will add 26 separately-payable dental surgical procedures and 78 ancillary dental services to the list of covered services.⁸

Professional (Physician)

Rates for Current CPTs: The CY2024 conversion factor is \$32.74, which is \$1.15 (or 3.4%) less than the 2023 conversion factor.⁹ This ***3.4% decline for current CPTs*** will be mitigated (for some specialties) by new CPTs, for an overall 1.25% reduction in payment.⁹ Once projected inflation is included, the CY24 conversion rate is 6.2% below the CY23 rate in “real terms.”

As of this writing, Congress is considering legislation that would delay 1.25% (and perhaps all) of the 3.4% conversion factor reduction.

Add-on E&M Payment: CMS will implement a separate add-on payment (G2211) in 2024 to better recognize the resource costs associated with E&M visits for primary care. This code will be applicable for outpatient office visits as an additional payment.⁹

New services addressing “Health-related Social Needs”: CMS added new services to furnish “patient-centered care involving a multidisciplinary team of clinical staff and other auxiliary personnel”, whereby Medicare will “pay separately for Community Health Integration, Social Determinants of Health (SDOH) Risk Assessment, and Principal Illness Navigation services.”⁹

Rural Health Clinics (“RHCs”) and Federally Qualified Health Centers (“FQHCs”)

Care Management Services: The CY2024 Medicare Final Rule vastly expands the care management related services billable in RHCs and FQHCs under CPT code G0511 to include Remote Patient Management and Remote Therapeutic Monitoring.⁹

Telehealth: Telehealth services for FQHCs and RHCs are extended through 2024.⁹

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, 2024.⁹

⁹ <https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2024-medicare-physician-fee-schedule-final-rule> (December 7, 2023)