

Part B Insider (Multispecialty) Coding Alert

Part B Payment: Don't Expect Any CF Boost in 2023

CMS plans to decrease the conversion factor next year.

The combination of COVID and inflation may have caused you to believe the feds would leave things as-is in their 2023 rulemaking. But proposals suggest that Part B providers may have to tighten their belts and get ready for some compliance-related change-ups.

Background: On July 29, the Centers for Medicare & Medicaid Services (CMS) published its calendar year (CY) 2023 Medicare Physician Fee Schedule (MPFS) proposed rule, continuing its pandemic-inspired focus on health equity and access to safe, affordable healthcare for all. The fee schedule targets critical issues like mental health, telehealth, and chronic care management.

"At CMS, we are constantly striving to expand access to high quality, comprehensive health care for people served by the Medicare program," says CMS Administrator **Chiquita Brooks-LaSure** in a release on the proposed rule. "Today's proposals expand access to vital medical services like behavioral health care, dental care, and cancer treatment options, all while promoting access, innovation, and cost savings in the Medicare program."



However, despite CMS' rosy outlook on its CY 2023 proposals, the conversion factor (CF) decrease is cause for concern, experts warn. Industry leaders are already bemoaning the suggested cuts and calling for congressional input.

"The main takeaway is a 4.42 percent overall decrease in the Medicare conversion factor because of a combination of an expiring 3 percent pay bump to mitigate the impact of E/M coding changes, a zero percent payment update under the Medicare Children's Health Insurance Program (CHIP) and Reauthorization Act, and a statutorily required budget neutrality adjustment," explains Holland & Knight LLP in the law firm's H&K Health Dose newsletter.

Here's a Breakdown on the Proposed 2023 CF Reduction

To fully understand what's going on with the CY 2023 conversion factor (CF) changes, you have to look at last year's changes, which were a byproduct of COVID and congressional input.

First: As part of the CY 2022 final rule, CMS reduced the conversion factor (CF) from \$34.89 to \$33.59. The combination of the mandated annual budget neutrality requirements, which included a \$1.30 decrease to the CF, and the expiration of the Consolidated Appropriations Act, 2021, 3.75 percent increase, left most Medicare providers distraught.

Next: Then last December, Congress pushed through and President **Biden** signed the Protecting Medicare and American Farmers from Sequester Cuts Act into law. The legislation offered Medicare providers a break with a 3 percent increase to the 2022 CF since many were reeling from COVID fallout.

Now: CMS proposes to cut the CF by \$1.53 for CY 2023, reducing the rate from \$34.61 to \$33.08, the MPFS proposed rule suggests. "This conversion factor accounts for the statutorily required update to the conversion factor for CY 2023 of 0 percent, the expiration of the 3 percent increase in PFS payments for CY 2022 as required by the Protecting Medicare and American Farmers From Sequester Cuts Act, and the statutorily required budget neutrality adjustment to account for changes in Relative Value Units," CMS explains in a fact sheet on the proposals.

Don't Forget How the CF Impacts Medicare Pay

CMS utilizes a resource-based relative value scale (RBRVS) to determine how much practitioners are to be paid for the services they provide. In that capacity, the MPFS establishes different values for codes depending on the setting/site (facility or non-facility) in which the provider performs the service or procedure. For some services, the total relative value units (RVUs) for a given procedure are the same in a facility or a non-facility setting. In other situations, however, the two totals may differ.

How it works: The facility and non-facility total RVUs are the sum of three component RVUs:

- Physician work RVUs (to cover the cost of the provider's "work");
- Practice expense RVUs (to cover the cost of supplies, equipment, etc.); and
- Malpractice expense RVUs (to cover the cost of professional liability expenses).

Physician work RVUs and malpractice expense RVUs are the same, regardless of the setting (facility or non-facility). Practice expense RVUs may vary by site of service, which accounts for the difference in facility and non-facility RVU totals for a given code.

Medicare fees also vary geographically; thus, each component RVU is multiplied by its own geographic practice cost index (GPCI) for the payment locality in which the service is rendered before the components are summed and multiplied by the dollar conversion factor that translates RVUs into fees.

Non-facility calculations: It's important to understand how non-facility RVUs are calculated, too. To get that amount, add together the physician work RVUs, the non-facility practice expense RVUs, and the malpractice RVUs for the total non-facility RVUs for a given code.



See What Industry Insiders Think of the CF Cut

With the CF decrease expected to hit physicians hard in 2023, the American Medical Association (AMA) is already advocating for legislators to get involved.

"It is immediately apparent that the rule not only fails to account for inflation in practice costs and COVID-related challenges to practice sustainability, but also includes a significant and damaging across-the-board reduction in payment rates," cautions AMA President **Jack Resnek, Jr., MD**, in a release on the proposed rule. "Such a move would create long-term financial instability in the Medicare physician payment system and threaten patient access to Medicare-participating physicians. We will be working with Congress to prevent this harmful outcome."

Comments: To offer CMS your two cents on the rule and the CF proposals, submit your comments by Sept. 6 at www.regulations.gov/document/CMS-2022-0113-0001.

Resource: Peruse the proposed rule at www.govinfo.gov/content/pkg/FR-2022-07-29/pdf/2022-14562.pdf.