

Medicare Physician Payment Schedule Final Rule Released AMA Summary November 2, 2023

Last Thursday, the Centers for Medicare & Medicaid Services (CMS) released the final rule for the calendar year (CY) 2024 Medicare Physician Payment Schedule. The AMA will continue to analyze the final rule and develop a detailed summary in the coming days, but we want to make you immediately aware of a handful of key provisions as well as ongoing AMA efforts to mitigate negative impacts on physician pay.

Due to the expiration of a temporary update under current law and the finalized budget neutrality adjustment due to the adoption of a CMS-developed add-on code, physician payment will be cut next year unless Congress intervenes. As a result, the 2024 Medicare conversion factor will decrease by 3.39 percent from \$33.8872 to \$32.7375. Similarly, the anesthesia conversion factor will decrease from \$21.1249 to \$20.4349. In September, the American Medical Association (AMA) submitted a comprehensive [comment letter](#) in response to the proposed rule and recommended constructive steps that CMS could take to ensure the 2024 Medicare physician payment system reduced the negative financial impact on physicians and protected patient access to care.

Unfortunately, these cuts coincide with ongoing growth in the cost to practice medicine as CMS projects the increase in the Medicare Economic Index (MEI) for 2024 will be 4.6 percent. Physician practices cannot continue to absorb these increasing costs while their payment rates dwindle. This is why the AMA and our partners in organized medicine are continuing to mount a full-scale advocacy effort in [strong support](#) of H.R. 2474, the Strengthening Medicare for Patients and Providers Act, which would provide a permanent, annual update equal to the increase in the MEI and allow physicians to invest in their practices and implement new strategies to provide high-value care. **Visit the AMA's [Fix Medicare Now](#) site and join the fight for financial stability for physician practices to preserve access to care for Medicare beneficiaries.**

Second, CMS did not lower the budget neutrality impact of adding the new evaluation and management (E/M) add-on code, G2211, which was finalized in 2021 but then delayed for three years by Congress. Specifically, CMS maintained the estimated utilization assumption of the add-on code at the proposed rule's estimate of 38 percent when initially implemented in 2024. The AMA highlighted several anticipated barriers to implementing this code that would lower its utilization, including ambiguity about when to use it and how to document it, as well as concerns about patient cost-sharing obligations. Unfortunately, as noted above, although the utilization assumption has been greatly reduced compared to when it was initially proposed in 2021, the add-on code will still lead to an additional across-the-board cut to the conversion factor due to budget neutrality requirements. On October 11, the GOP Doctors Caucus Co-Chairs, Reps. Greg Murphy (R-NC), Brad Wenstrup, and Michael Burgess (R-TX), working closely with Ways and Means Committee Chairman Jason Smith (R-MO) and the AMA, **released a [discussion draft](#) of legislation seeking to reform the budget neutrality policies applied to the Medicare physician payment schedule in 2025 and future years and organized medicine recently sent a [letter of support](#).**

Additionally, in last year's final rule, CMS finalized updated MEI weights for the different cost components of the MEI for CY 2023. However, CMS also noted that they postponed implementation of the MEI changes until time uncertain, referencing the need for continued public comment due to the significant impact to physician payments. If the implementation of the MEI weights was budget neutral, overall physician work payment would be cut by 7 percent and professional liability insurance (PLI)

payment would be reduced severalfold. These large shifts are principally due to a substantial error in CMS' analysis of the US Census Bureau's Service Annual Survey (SAS), which omitted nearly 200,000 facility-based physicians. After correcting for this major omission, the physician work MEI weight would instead increase and PLI would experience a much smaller reduction.

In the CY 2024 final rule, instead of correcting the flaw pointed out by the AMA, CMS only acknowledged the flaw and incorrectly stated that there is currently no mechanism for identifying expenses for facility-based physicians. CMS also reiterated it will continue to postpone implementation of the updated MEI weights, referencing the AMA's national study to collect representative data on physician practice expenses, the AMA Physician Practice Information (PPI) Survey. The PPI Survey launched on July 31st, 2023, and data is anticipated to be shared with CMS in early 2025.

Following strong opposition from the AMA, CMS did not finalize its proposal to increase the performance threshold to avoid a penalty in the Merit-based Incentive Payment System (MIPS) from 75 points to 82 points. Instead, the performance threshold will remain at 75 points in 2024. The AMA expressed serious concern with CMS' proposal as MIPS has been largely paused since 2019 due to the significant disruptions caused by the COVID-19 pandemic. [Research](#) continues to show that MIPS is unduly burdensome; disproportionately harmful to small, rural, and independent practices; exacerbating health inequities; and divorced from meaningful clinical outcomes. The AMA is [urging](#) Congress to make statutory changes to improve MIPS and to address its fundamental problems.

Finally, due to AMA [advocacy](#), CMS finalized its proposal to delay mandatory electronic clinical quality measure (eCQM) adoption by Medicare Shared Savings Program (MSSP) participants, who may continue to utilize the CMS Web Interface in 2024. As finalized in previous rulemaking, MSSP participants would have been required to report their quality measures electronically starting in 2024. We are very glad to see CMS concur that the lack of maturity with health information technology (HIT) standards to seamlessly aggregate data from electronic health records from physicians who practice at multiple sites and/or are part of an Accountable Care Organization would have made implementation challenging in 2024. Despite AMA opposition, CMS did finalize a controversial policy that will require all MSSP participants, including those that are considered Qualified Participants (QPs) in Advanced Alternative Payment Models (APMs), to report MIPS Promoting Interoperability data, though it delayed implementation until 2025 and finalized certain exclusions. Following AMA calls for further analysis, CMS did not finalize its proposal to make QP determinations at the individual eligible clinician level and will instead continue to make QP determinations at the APM Entity-level.

AMA staff will analyze the final rule and circulate a summary in the near future.

The text of the final rule can be accessed at: <https://public-inspection.federalregister.gov/2023-24184.pdf>

Additional links include:

- CMS Press Release: <https://www.cms.gov/newsroom/press-releases/cms-finalizes-physician-payment-rule-advances-health-equity>
- CMS Fact Sheet on the 2024 Medicare Physician Payment Schedule final rule: <https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2024-medicare-physician-fee-schedule-final-rule>
- CMS Fact Sheet on 2024 Quality Payment Program final changes: <https://qpp-cm-prod-content.s3.amazonaws.com/uploads/2540/2024QPPPoliciesFinalRuleResources.zip>

- CMS Fact Sheet on Medicare Shared Savings Program final changes:
<https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2024-medicare-physician-fee-schedule-final-rule-medicare-shared-savings-program>