



# UNDERSTANDING 2023 MEDICARE REIMBURSEMENT PROPOSED RULE OVERVIEW

AAPM Annual Meeting

July 13, 2022

Wendy Smith Fuss, MPH

PEC Consultant

# Radiation Oncology (RO) Model

- CMS proposes to delay the January 1, 2023 start date of the RO Model to a date to be determined through future rulemaking (or indefinitely)
  - Proposed rule published April 8, 2022
- AAPM supports the CMS proposed rule to delay implementation of the RO Model until our previously reported issues of concern are resolved

# 2023 HOPPS Proposed Rule

- Medicare Hospital Outpatient Prospective Payment System (HOPPS)
  - Reimbursement to over 3,900 hospital outpatient departments
  - 2023 Proposed Rule has not been published to date

# 2023 MPFS Proposed Rule

- Medicare Physician Fee Schedule (MPFS)
  - Medicare reimburses for more than 7,000 services and procedures
  - Physician Payment
    - Professional Component
  - Freestanding Center Payment
    - Technical Component + Professional Component = Global Payment

# Conversion Factor

- 2022 CF = \$34.61
- Estimated 2023 CF = \$33.08
  - 4.4% decrease
- 2023 CF calculated as though 3.0% increase for 2022, mandated by legislation, had never been applied

# 2023 MPFS Proposed Rule

- Payment is based on relative value units (RVUs) adjusted for locality cost differences (GPCI) and multiplied by a conversion factor (CF) that translates RVUs into dollars.
- 2023 payment for CPT 77336  
 $2.57 \text{ RVUs} \times \$33.0775 \text{ CF} = \$85.01^*$
- 2023 payment for CPT 77370  
 $4.16 \text{ RVUs} \times \$33.0775 \text{ CF} = \$137.60^*$

\*Payment excludes the geographic practice cost index (GPCI) adjustment

# Medicare Economic Index

- CMS proposes to rebase and revise the MEI
- MEI measures changes in market price of inputs used to furnish physicians
  - Physicians' Compensation
  - Physicians' Practice Expense
  - 10-year moving adjustment for change in economy-wide productivity

## Medicare Economic Index

- Current 2006-based MEI based on data collected from AMA Physician Practice Information Survey (PPIS) of self-employed physicians
- CMS proposes a new methodology for estimating base year expenses that relies on publicly available data sources that are more reflective of current market conditions of physician ownership practices
  - 2017 US Census Bureau Services Office of Physicians



## Medicare Economic Index

- Used to update the geographic practice cost indices (GPCIs) cost share weights for the Practice Expense GPCI
- Recalibrate the relativity adjustment to ensure total pool of aggregate practice expense RVUs remain relative to the pool of work and malpractice RVUs

# Medicare Economic Index

- New MEI cost weights to set MPFS rates would not change overall spending on services, but result in significant changes to payments among MPFS services
- CMS proposes to **delay implementation** of new MEI cost weights for both MPFS ratesetting and updating proposed 2023 GPCIs

# Medicare Economic Index

RVU Component	Current 2006 Weight	Proposed 2017 Weight
Physician Work	50.9%	47.3%
Practice Expense	44.8%	51.3%
Malpractice	4.3%	1.4%

# Impact of MEI Changes

Radiation Oncology	Allowed Charges (millions)	Impact No MEI Changes	Combined Impact Year 1 of 4 Transition	Combined Impact Full Implementation
Total	\$1,608	0%	1.0%	6.0%
Non-Facility	\$1,539	0%	1.0%	6.0%
Facility	\$69%	-1.0%	-2.0%	-8.0%

## RVU Components

- Physician Work (physician time & intensity)
- Practice Expense
  - Direct Practice Expense (clinical staff, medical equipment & supplies)
  - Indirect Practice Expense (administrative staff, office equipment & supplies, rent, overhead)
- Malpractice (professional liability insurance)

## Practice Expense

- Direct Practice Expense: Continue “Bottom-up” methodology
- Indirect Practice Expense: Continue use of 2006 AMA PPIS data to calculate PE/HR for each specialty
- CMS is seeking public comment on Practice Expense data collection and methodology
  - Indirect PE methodology overhaul likely

## Clinical Labor Pricing Update

- Non-physician Clinical Labor Rates updated in 2022
  - 4-year transition period
- Services furnished by radiation oncologists involve practice expense costs that primarily rely on high medical equipment costs and therefore affected negatively by increased clinical labor costs
  - Practice expense is budget neutral among all specialties

# Clinical Labor Pricing Update

Labor Description	2021 Rate (per minute)	Year 2 Phase-in 2023 Rate (per minute)	2025 Final Rate (per minute)	Total Change
Medical Physicist	\$1.52	\$1.832	\$2.14	41%
Medical Dosimetrist	\$0.63	\$0.77	\$0.91	44%
Mix Medical Physicist /Medical Dosimetrist	\$1.08	\$1.298	\$1.52	41%
Radiation Therapist	\$0.50	\$0.695	\$0.89	78%
Second Radiation Therapist for IMRT	\$0.50	\$0.695	\$0.89	78%
RN	\$0.51	\$0.635	\$0.76	49%



## Global Surgical Package

- CMS concerns regarding accuracy and validity of global packages, especially as it relates to E/M Visits
- CMS seeking public comment on global surgical packaging

## Global Surgical Package

- 0-Day: Includes procedure and pre-op and post-op physicians' services on the day of the procedure  
—CPT 77778 & 77789
- 10-Day: Includes services on the day, and 10 days after, the procedure
- 90-Day: Includes services one day prior to procedure, and on the day of, and 90 days immediately following the day of the procedure  
—CPT 77750, 77761, 77762 and 77763

## Global Surgical Package

- CMS considering various approaches
  - Revalue all 10- and 90-day global packages
  - Revalue only 10-day global packages
  - Revalue all 10-day and some 90-day global packages
  - Rely on Potentially Misvalued Code process to identify and revalue misvalued global packages over the course of many years

## Malpractice RVU Update

- CMS now updates the Malpractice RVUs every 3 years along with the GPCI update
- CMS utilizes more recent data
  - Malpractice premium data in effect on 12/31/2020
- CMS proposes 2 methodological refinements
  - Improve the current imputation strategy to develop a more comprehensive data set
  - Create a Risk Index for calculation of MP RVUs as opposed to previously derived risk factors

# Malpractice RVU Update

Specialty	2020 Risk Factor	2023 Risk Index
Radiation Oncology	2.03	0.905
Radiology	2.25	1.009

## Malpractice RVU Impact

- The proposed expanded data collection produces premiums and risk index values that are significantly lower for some specialties
- CMS proposes to phase-in reduction in MP RVUs over 3 years for those specialties that have a 30% or more threshold reduction in risk index value as a result of the update

## GPCI Update

- CMS required to update the geographic practice cost indices (GPCIs) every 3 years
- Physician Work GPCI reflects only one-quarter of the relative cost differences compared to national average
- Practice Expense and Malpractice GPCIs reflect full relative cost differences
  - PE GPCI has 4 components: employee wages; purchased services; office rent; and equipment, supplies and other expenses

# Proposed GPCI Cost Share Weights 2023

<b>Expense Category</b>	<b>Current Cost Share Weight</b>	<b>Proposed 2023 Cost Share Weight</b>	<b>Proposed Rebased and Revised Share Weight</b>
Physician Work	50.866%	50.866%	47.261%
Practice Expense	44.839%	44.839%	51.341%
-Employee Compensation	16.553%	16.553%	24.716%
-Office Rent	10.223%	10.223%	5.893%
-Purchased Services	8.095%	8.095%	13.914%
-Equipment, Supplies, Other	9.968%	9.968%	6.819%
Malpractice	4.295%	4.295%	1.398%



## 2023 Estimated MFPS Impacts

Specialty	Medicare Allowed Charges (millions)	Impact Work RVU Changes	Impact Practice Expense RVU Changes	Impact Malpractice RVU Changes	Total Impact
Radiation Oncology & Radiation Therapy Centers	\$1,609	-1.0%	0%	0%	-1.0%
Radiology	\$4,712	-1.0%	-1.0%	-2.0%	-3.0%
Total	\$90,953	0%	0%	0%	0%

**Expiration of 3.0% legislative provision for 2023 is a statutory change that takes place outside of budget neutrality and is not included in the CMS impact table**

## Impact of Proposed 2023 Policies

- Second year transition to updated Clinical Labor Pricing
- Revaluation of Evaluation & Management (E/M) Services
- Updated Malpractice RVU Data & Refinements

## Impact of Proposed 2023 Policies

- The majority of radiation oncology codes have proposed decreases in 2023 reimbursement of less than 5%
- Weekly MP Consult 1.1%
- Special MP Consult 2.7%
- MP Dose Eval Rad Exposure 9.0%
- IMRT Delivery -4.8%
- Treatment Delivery 0.4 to -5.6%
- SRS Delivery -4.8%
- SBRT Delivery -4.1%

## Resources

- Government Affairs (CMS) tab on the AAPM website

[http://aapm.org/government\\_affairs/CMS/2023HealthPolicyUpdate.asp](http://aapm.org/government_affairs/CMS/2023HealthPolicyUpdate.asp)

- Reach out to Professional Economics Committee

[wendy@healthpolicysolutions.net](mailto:wendy@healthpolicysolutions.net)