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Welcome to *Washington Update*, the weekly e-newsletter on the latest health care happenings in the nation's capital that affect APG's members.

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Medicare Physician Fee Schedule Changes Advanced by GOP Doctors Caucus

Seeking to stem the cycle of ongoing cuts in Medicare physicians' fees, the House Republican [Doctors Caucus](#) unveiled a plan this week to modify the byzantine mechanism behind annual physician fee updates. But the caucus's proposal — which would not take effect until 2025 — could face stiff headwinds, and it leaves unanswered the question of what may be done to blunt the likely 3.34 percent cut in fees looming for 2024.

Budgetary Whack-a-Mole: The centerpiece of the caucus's plan is changes to the notorious "budget neutrality" provision of the Medicare physician fee schedule that, if enacted, could ultimately ease the way for at least some physician payment relief. The neutrality provision, adopted into law in 1989, functions as a fiscal variation on Whack-a-Mole: If one aspect of the schedule is changed so that projected spending rises — for example, through a payment increase for physicians in one area — other related spending needs to be whacked down by an equivalent amount so that overall spending within the schedule is unchanged.

Current law sets the threshold that triggers the provision at spending increases of \$20 million. Given recent growth in inflation, the cost of living, and practice expenses, physician groups have argued that the current trigger number should be \$100 million. The 19-member caucus didn't go that far, but it did propose raising the trigger number to \$53 million — pointing out that this number tracks the recent rise in the Medicare Economic Index (MEI), a measure of physicians' operating costs. The group's plan would also allow for annual increases in the trigger number for five years, tied to the MEI.

Other Changes: The GOP caucus also proposed the following:

- Allowing for a retrospective look at categories of physician-related spending based on Medicare claims data to see whether the original cost projections of a given change held true — and therefore, whether past Whack-a-Mole spending adjustments needed to be made or could be revised.
- Altering the way so-called [Relative Value Units](#) (RVUs) are calculated to support physician payments by more frequently and accurately updating practice costs related to prices, such as those for labor, supplies, and equipment.
- Changing the method of calculating the so-called Conversion Factor — the number of dollars assigned to an RVU in the process of determining final payment rates — by also allowing a retrospective look at whether prior projections of fee schedule changes and related costs were accurate.

New "doc fix?": Together, the changes would amount to a so-called "doc fix," in that they would mitigate the future cuts in Medicare physician fees in 2025 and beyond. But the caucus's proposed changes don't yet have a Congressional Budget Office "score," or an estimate of the total costs, which would have to be offset by other spending cuts elsewhere in the federal budget.

In the meantime, as House Republicans continue their struggle to elect a speaker to succeed the ousted Kevin McCarthy — and fiscal conservatives maintain threats of shutting down the government — uncertainty remains about the likelihood of any interim fix in physician payment for 2024.



Part B Premiums and Deductibles For Medicare Beneficiaries to Rise in 2024

Standard monthly premiums and deductibles for enrollees in Part B of Medicare will rise nearly 6 percent from 2023 levels, CMS [announced](#) this week. The rise in the standard premium to \$174.70, and to \$240 for the

annual deductible stem from projected increases in health spending and the government's [repayment](#) of cuts to hospitals in the 340B program.

The change will directly affect patients of APG member organizations who are enrolled in the traditional Medicare program. Better-off enrollees will also pay an [income-related premium](#) if their modified adjusted gross income (MAGI) exceeds certain levels. Premiums may be higher or lower for enrollees who receive Part B benefits through Medicare Advantage plans.



Telehealth Flexibilities For Prescribing Controlled Substances Extended Through 2024

Providers can continue seeing patients via telehealth and still prescribe controlled medications without an in-person medical evaluation through 2024, the federal government announced this week. Jointly announced by the U.S. Drug Enforcement Agency (DEA) and Department of Health and Human Services (HHS), the move continues flexibilities created during the COVID-19 public health emergency that were set to expire on November 11.

The extension in effect gives the government another year to determine the fate of [proposed rules](#) that would reinstate limits on virtual prescribing of controlled substances. For example, the DEA earlier proposed requiring an in-person visit before a prescription could be issued for Schedule 2 medications — those typically prescribed to treat severe pain, anxiety, insomnia, and ADHD — and requiring an in-person visit after an initial telehealth visit and prescription, but before issuing a refill, for somewhat less risky [Schedule 3, 4, or 5 drugs](#). A final decision is expected in fall 2024.



APG Announcements and Offerings

- APG will host two webinars this month. One on “**Medicare Advantage – How to Prepare for 2024**” will take place on Wednesday, October 25, at noon ET. Register for the meeting [here](#). Another one, “**CMS's new Guiding an Improved Dementia Experience (GUIDE) Model**”, will occur on Thursday, October 26, at 3:00 pm ET. Register for that meeting [here](#).
- The Senate Finance Committee will hold a hearing on [Medicare Advantage marketing practices](#) on October 18 at 10:00 am ET.

- The House Energy and Commerce Committee Health Subcommittee will hold a hearing on [Patient Access to Care in Medicare](#) on October 19 at 10:00 am ET.

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