



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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Fix For Medicare Physician Payments Moves Forward

A pending 3.4 percent cut in Medicare physician fees for 2024 would be shaved by more than a percentage point in a measure that moved forward in the House Energy and Commerce (E&C) Committee this week. The E&C bill also includes a one-year extension of Advanced Alternative Payment Model (AAPM) bonuses using a tiered approach with actual bonus amounts ranging from 2.5 percent to less than 1 percent, depending on the number of years of participation in AAPMs.

The move to mitigate the physician fee cut – effectively to 2.12 percent for 2024 – matches a provision that recently passed the Senate Finance Committee. Together, the progress of these two proposals makes it more likely that proposed fee cuts will be blunted – although not eliminated – for next year. Action on the E&C proposal itself could come up for a vote in the full House of Representatives as early as next week.

Major health package?: The E&C's actions on physician payment were part of a marathon three-day session of markups of multiple key health care bills, including H.R. 5380, which would increase reporting requirements on Medicare Advantage plans with respect to supplemental

benefits. Many of these provisions may end up in a final package of health legislation that could spill over into early next year.



Site-Neutral Payment Provision Resurfaces In House

Despite strong opposition from hospitals, the push to equalize Medicare payment rates across health care settings remains alive and well as the House prepares to vote next week on the [Lower Cost, More Transparency Act](#). A key provision of the bill would set consistent payment rates for the administration of drugs by physicians in both hospital outpatient departments and physician offices. Although a relatively narrow change, it could nonetheless open the door to a broader reexamination of site-neutral payment policies next year.

In the absence of such policies, payment differences across settings can be substantial. For example, the Medicare Payment Advisory Commission ([MedPAC](#)) found that total Medicare payments for epidural injections to relieve back pain in 2023 can vary from \$255.49 for the service when delivered in a physician's office, to \$740.88 when delivered in a hospital outpatient department. Cost sharing amounts charged to patients treated in these different settings vary widely as well, with patients receiving care from hospital outpatient departments paying decidedly more.

Potential savings: In total, MedPAC estimates that aligning payment rates across ambulatory settings for 66 different ambulatory payment classifications would save Medicare \$7.5 billion in 2023 and curb beneficiary cost sharing by \$1.5 billion.



CMS Ups The Pressure On States Around Medicaid Redeterminations

Amid the disenrollment of nearly 12 million Medicaid recipients since last spring, CMS took further aim this week at states that have effectively bungled the post-pandemic “unwinding” process. An [interim final rule](#) went into effect that would subject states to corrective action plans and possible monetary penalties if they fail to comply with various reporting requirements on how they have conducted eligibility redeterminations. Some states could even face reductions of up to 1 percentage point in their [federal share](#) of Medicaid payments.

Procedural problems: Since COVID-era Medicaid protections expired earlier this year, more than 70 percent of disenrollments from the program have been due to

“procedural” reasons such as incomplete beneficiary paperwork and state errors like entire households being disenrolled because one member of the household appeared to merit disenrollment. CMS had previously forced 30 states to pause redeterminations and restore coverage to beneficiaries who were inappropriately disenrolled.

As an interim-final rule, the provision is now law, although the public still has the opportunity to comment through February 2, 2024.



Emerging Consensus At MedPAC: Physician Pay Updates Should Reflect Inflation

The Medicare Payment Advisory Commission (MedPAC) is on track to once again recommend that Congress incorporate inflation when setting next year’s payment update for physicians. In its [March 2023 Report to Congress](#), MedPAC recommended an annual update in the base payment rate by half of the Medicare Economic Index (MEI), which measures inflation in input costs for physicians. In a [session](#) this week, Commissioners discussed and appeared to largely support the Chair’s proposal to make a similar recommendation for 2025. The final recommendation will be voted on during MedPAC’s [next meeting](#) in January and included in the March 2024 Report to Congress.

MedPAC’s likely renewed recommendation falls short of measures sought by multiple physician groups, which seek an annual update equivalent to the full MEI, projected at 4.6 percent in 2024. But the proposal could help to fuel consideration of broad reforms in Medicare physician payment next year.



APG Announcements And Offerings

- APG will host a focus group to gather members’ input for a comment letter on the 2025 Medicare Part C & D Proposed Rule (Tuesday, December 19 at noon ET; APG members can register [here](#)).
- As APG discussed in a webinar on October 4, CMS has introduced a new Making Care Primary Model and has kept the [Request for Applications \(RFA\) portal](#) open for two additional weeks. Applications are now due by Thursday, December 14, 2023.
- As APG discussed in a webinar on October 26, CMS has introduced a new Guiding an Improved Dementia Experience (GUIDE) Model and has opened the [Request for](#)

[Applications \(RFA\) portal](#). Applications are due by January 30, 2024.



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