2023 Medicare Payment Rates

Each year the Centers for Medicare and Medicaid Services (CMS) issues a proposed and final rule on Medicare Physician Fee Schedule for the following year. Each medical specialty awaits the report to determine the impact of changes in the Medicare conversion factors (CFs). Anesthesiologists are paid primarily based on the anesthesia-specific conversion factor, but also bill for services under the Resource-Based Relative Value Scale (RBRVS) system such as invasive lines, acute and chronic pain procedures, critical care, and other evaluation and management services. As a result, the implications of changes in both proposed conversion factors has significance across all anesthesia services and subspecialty care. In addition to the impact of changes in the CF, other legislative changes determine what a practice is paid during the upcoming calendar year.

Proposed Medicare Conversion Rate
For calendar year 2023, Medicare proposed an anesthesia CF of $20.61, representing a decrease of 4.42% from the 2022 anesthesia CF of $21.5623. Similarly, the final CF for services paid under the RBRVS system was $33.06, a decrease in payment of 4.47% from the 2022 RBRVS CF of $34.6062. After the initial proposed conversion factors, Congress passed the Consolidated Appropriations Act of 2023 (CAA) providing short-term relief from some of the previously legislated reductions in payments. Based on the CAA adjustments, the 2023 anesthesia CF has been adjusted to $21.1429, representing a 2.03% reduction from the 2022 CF of $21.5623. Similarly, the CAA relief decreased the RBRVS CF to $33.89, a 2.08% reduction from the 2022 RBRVS rate.

In addition to these adjustments to the 2023 CFs, the CAA provided a 1.25% adjustment to the CFs for 2024.

<table>
<thead>
<tr>
<th>Conversion Factor</th>
<th>2022</th>
<th>2023</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td>ASA</td>
<td>$21.5623</td>
<td>$21.1429</td>
<td>-2.03%</td>
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<tr>
<td>RBRVS</td>
<td>$34.6062</td>
<td>$33.89</td>
<td>-2.08%</td>
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In addition to the CF changes, other factors will impact payment for physician services, including the following:

➢ Legislative changes related to the repeal of the Sustainable Growth Rate
The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) legislation that repealed the Sustainable Growth Rate (SGR) formula mandated a 0% payment update through 2025. In place of across-the-board changes in the CF, Medicare established the Merit-based Incentive Payment System (MIPS) designed to provide bonuses to practices that report quality measures and participate in Advanced Alternative Payment Models (APMs). The financial implications for practices will be most significant beginning in 2026 when clinicians that participate in an APM will receive an annual 0.75% update, while all other clinicians will receive a 0.25% annual update. There will also be a bonus payment for reporting MIPS Quality measures. None of these quality payments will be sufficient to fully offset the reductions in the CF.

➢ Expiration of the “Protecting Medicare and American Farmers from Sequester Cuts Act”
The “Pay-As-You-Go Act of 2010” was designed to offset increases in the federal deficit, representing a total of 4% across the board cut to all Medicare payments (known as “Medicare Sequestration”). The implementation of this reduction in payments was waived during the Covid-related public health emergency. These reductions began in the current year with an initial 1% reduction in payment as of April 1, 2022, and then fully implemented with a reduction of 2% as of July 1, 2022. Fortunately, the CAA blocked the 4% cut until 2023.

➢ Budget Neutrality Adjustment
The negative adjustment from the CF is also related to a mandated budget neutrality adjustment to account for changes in work relative value units (RVUs). Budget neutrality requires that spending must remain constant, so any increase in overall payments must be balanced by a reduction in other payments; the statutory requirements mandate that CMS cannot increase or decrease expenditures by more than $20 million without triggering
automatic budget neutrality adjustments. In 2021, Congress approved a short-term “funding patch,” delaying a 3% reduction in physician payment which would have been required in large part to offset updates made in evaluation and management (E/M) services beginning in 2021. This short-term delay in fulfilling the mandatory budget neutrality has expired and can only be extended by Congressional action.

Despite the CAA, the cuts to both anesthesia and RBRVS codes for the coming year are significant and represent ongoing pressure on payment for all physician services. The revised 2023 anesthesia CF will be reduced by 2.03%.

The implications of these changes for anesthesia services as well as all other physician practices is significant. Although the relief provided by the CAA is helpful in addressing the payment for anesthesia services, it does not address some of the fundamental problems with Medicare payments for anesthesia services. The ASA continues to work diligently to find long term solutions by educating legislators about the inadequate payments for anesthesia services and the potential for that to disrupt care to our patients.