

Timeline of the Medicare Physician Fee Schedule (PFS)

Note: This timeline is intended to highlight overarching policy developments, key events, and select topics in the fee schedule. It is not all-inclusive.

OVERARCHING LEGISLATIVE OR OTHER KEY EVENTS

Pre-1992

Physician payment based on customary, prevailing, and reasonable charges

OBRA reforms physician payment (1989)

Medicare Part B drug reimbursement at lower of actual charge or 95% of AWP

Mental health parity legislation (**MHPAEA**); **MIPPA** (makes changes to Medicare program, prevents PFS rate reductions)

ATRA prevents “fiscal cliff” policies from going into effect and includes several health provisions

PAMA requires changes to payments for laboratory tests, other health provisions; **IMPACT Act** changes post-acute care

MACRA repeals SGR, introduces MIPS and promotes APM adoption

COVID PHE; CMS exercises waiver authority for expansion of physicians services

CARES Act establishes \$100B Provider Relief Fund

Coronavirus Response and Consolidated Appropriations Act

Inflation Reduction Act makes significant changes to Part D prescription drug benefit, allows Medicare to begin to negotiate drug prices

COVID PHE expires

CMMI goal of all Medicare beneficiaries in value-based care

Medicare PFS (RBRVS) implemented

Mental Health Parity Act (1996)

HIPAA (1996)

BBA makes changes to Medicare program and Part B drug payment policy

Medicare, Medicaid and SCHIP Balanced Budget Refinement Act (BIPA)

IOM publishes reports

To Err is Human (2000); Crossing the Quality Chasm (2001), BIPA expands preventive care services in Medicare

MMA establishes prescription drug benefit and reduces Part B drug payment to 85% of AWP

Part B drug payment based on Average Sales Price (ASP)

Legislation to support use of EHRs: **The Recovery Act**; **HITECH**

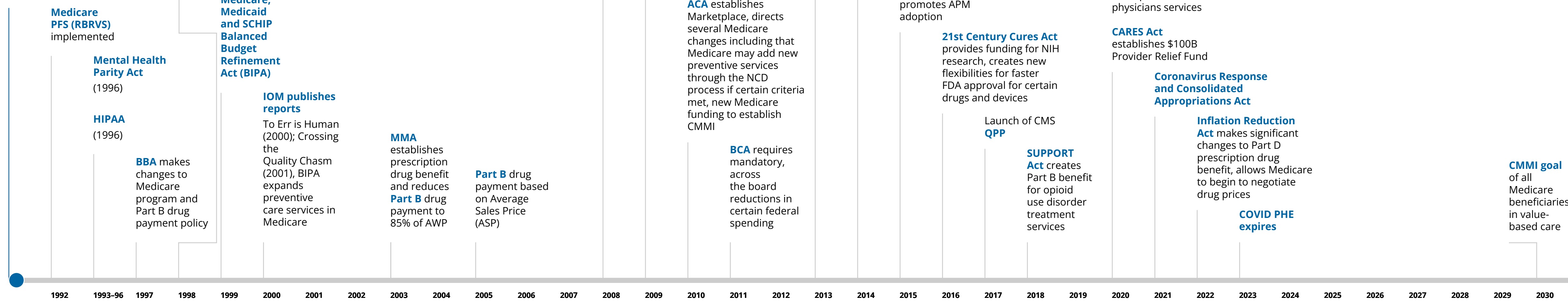
ACA establishes Marketplace, directs several Medicare changes including that Medicare may add new preventive services through the NCD process if certain criteria met, new Medicare funding to establish CMMI

BCA requires mandatory, across the board reductions in certain federal spending

21st Century Cures Act provides funding for NIH research, creates new flexibilities for faster FDA approval for certain drugs and devices

Launch of **CMS QPP**

SUPPORT Act creates Part B benefit for opioid use disorder treatment services



Overarching Legislative or Other Key Events

- PFS Updates
- Conversion Factor (Approximated)
- PFS Quality Programs
- Primary / Person-centered Care Expansion
- Behavioral Health (BH)

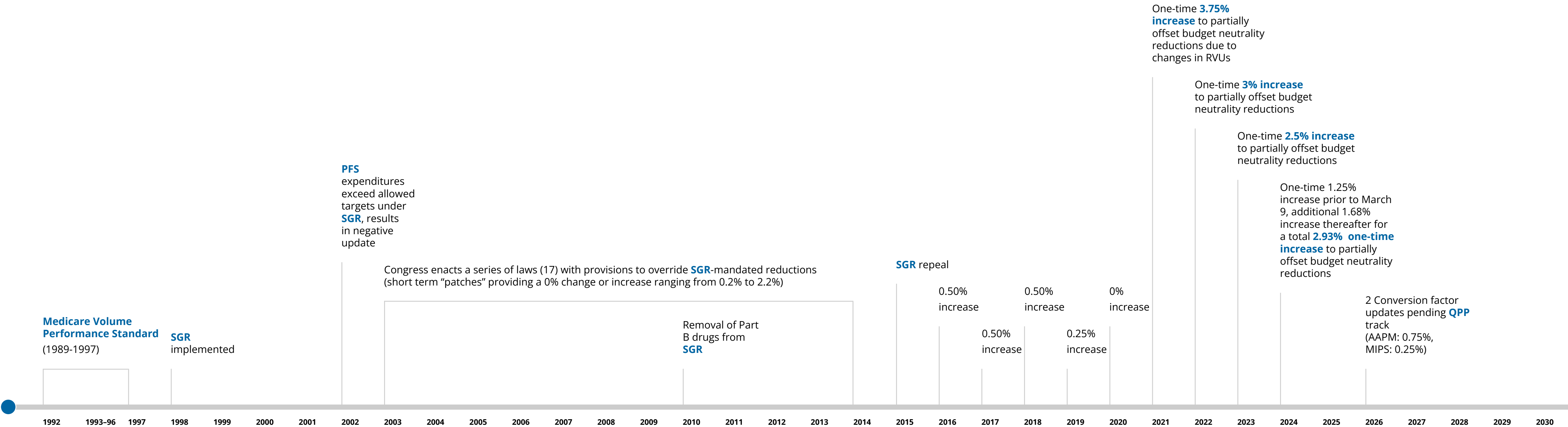
- Digital Health Technology Examples
- 5-Year Review of Physician Work
- Misvalued Services Initiative
- Practice Expense (PE)
- Malpractice (MP)
- Rebasing / Revising the MEI

- Examples of Targeted Payment Adjustments
- Examples of Other CMS Payment System Innovations
- CMMI: Accountable Care Models
- CMMI: Disease-Specific and Episode-based Models
- CMMI: State & Community-Based Models
- Sequestration

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PFS UPDATES



Overarching Legislative or Other Key Events

PFS Updates

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PFS Quality Programs

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Digital Health Technology Examples

5-Year Review of Physician Work

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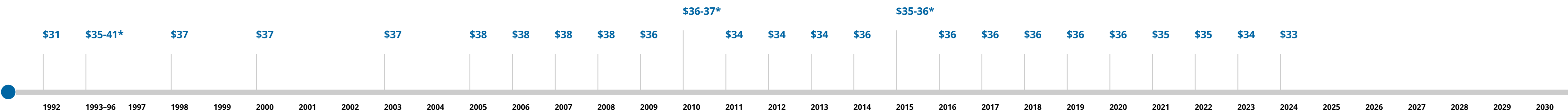
CMMI: State & Community-Based Models

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CONVERSION FACTOR (APPROXIMATED)



Overarching Legislative or Other Key Events

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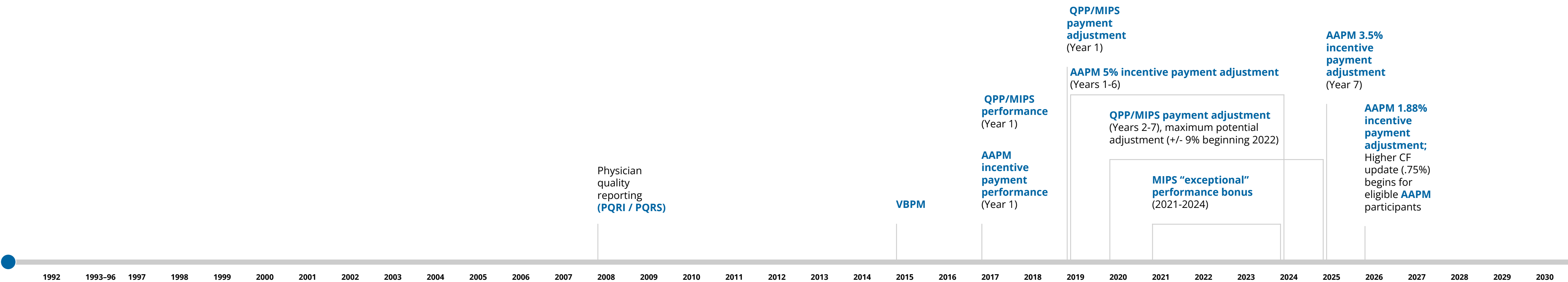
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PFS QUALITY PROGRAMS



Overarching Legislative or Other Key Events

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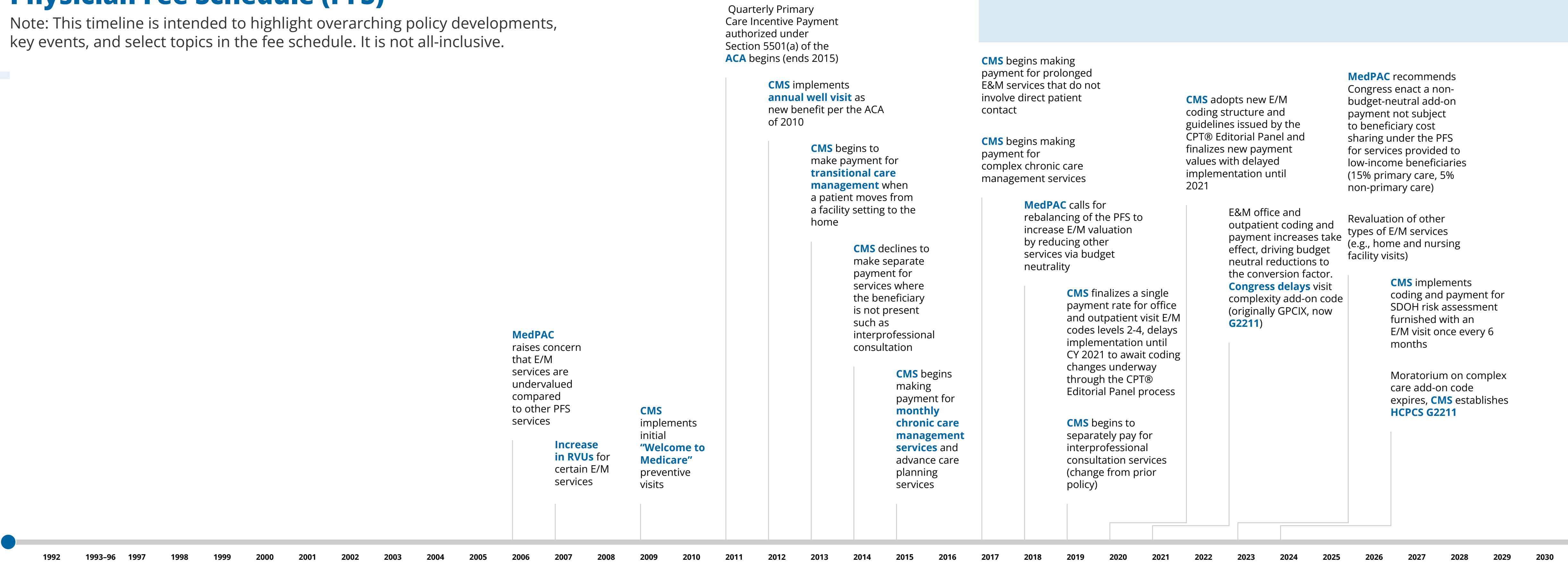
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PRIMARY/PERSON-CENTERED CARE EXPANSION



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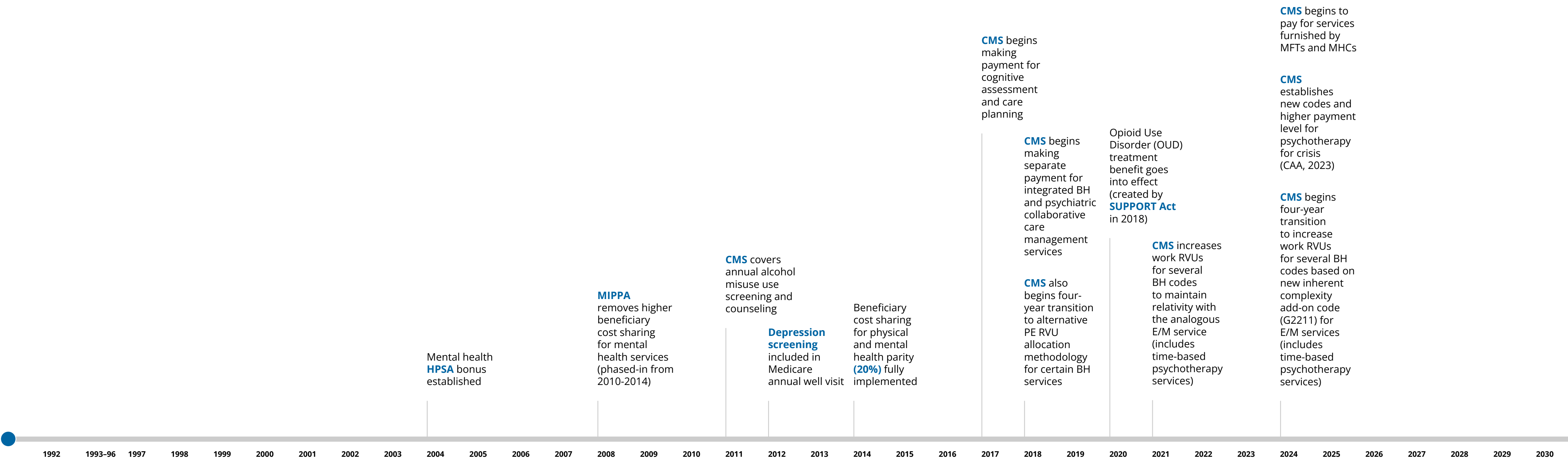
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BEHAVIORAL HEALTH (BH)



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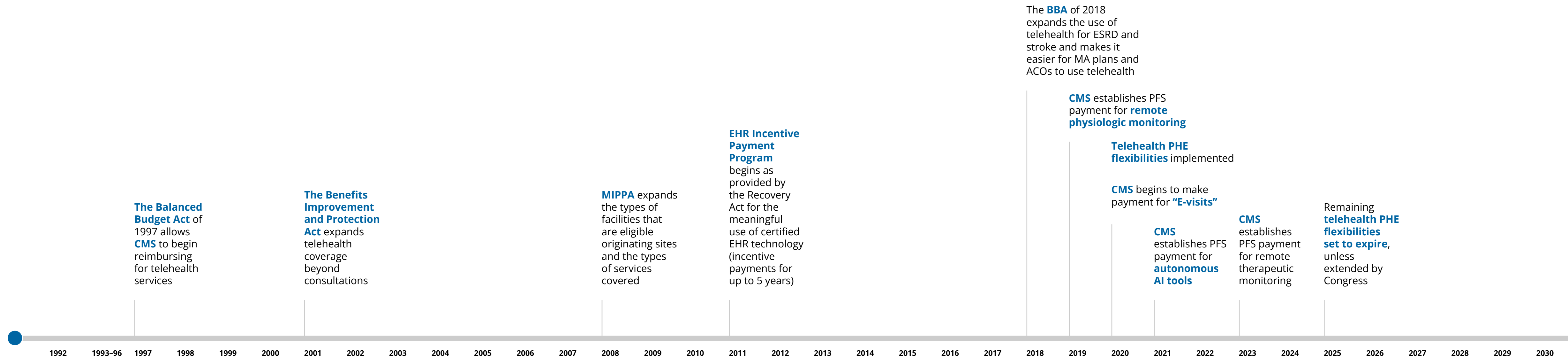
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DIGITAL HEALTH TECHNOLOGY EXAMPLES



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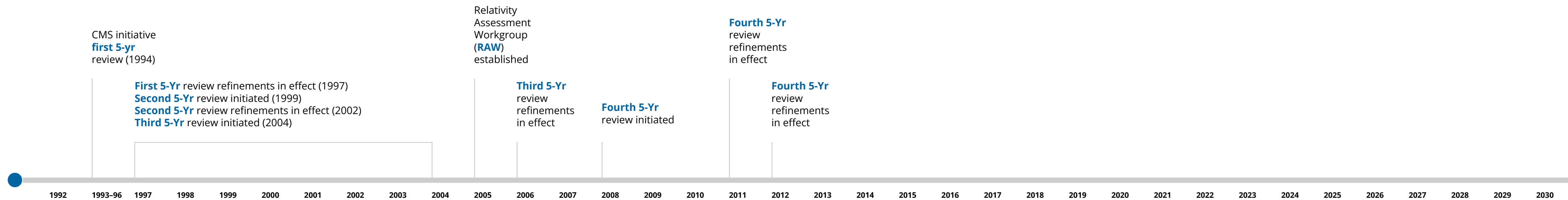
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5-YEAR REVIEW OF PHYSICIAN WORK



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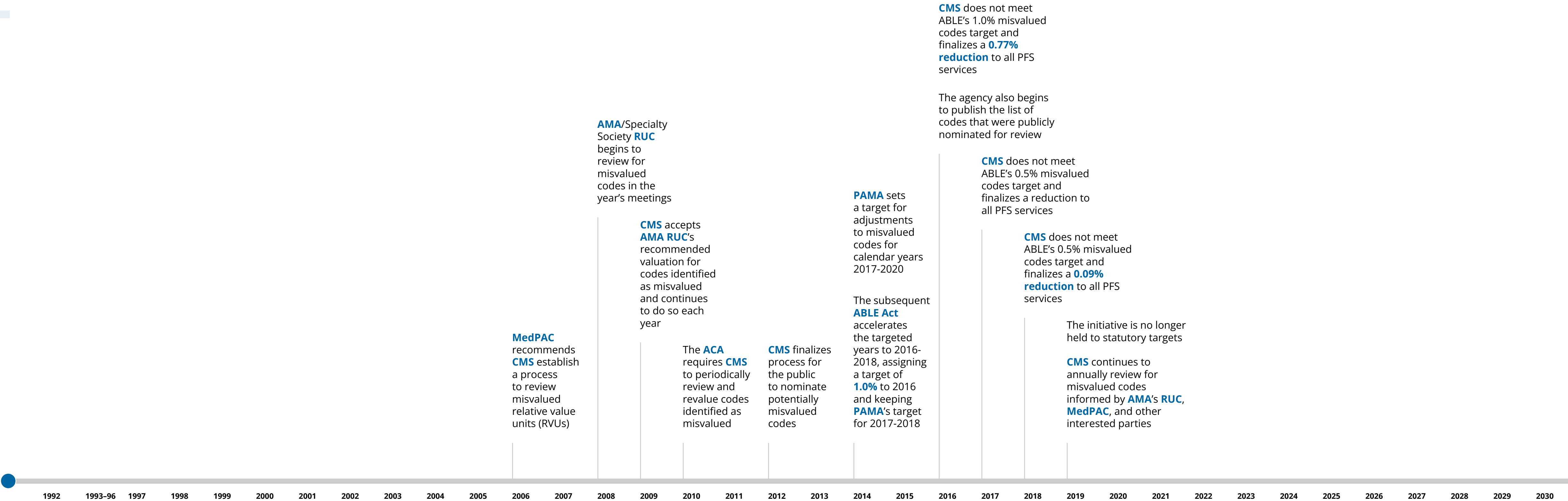
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MISVALUED SERVICES INITIATIVE



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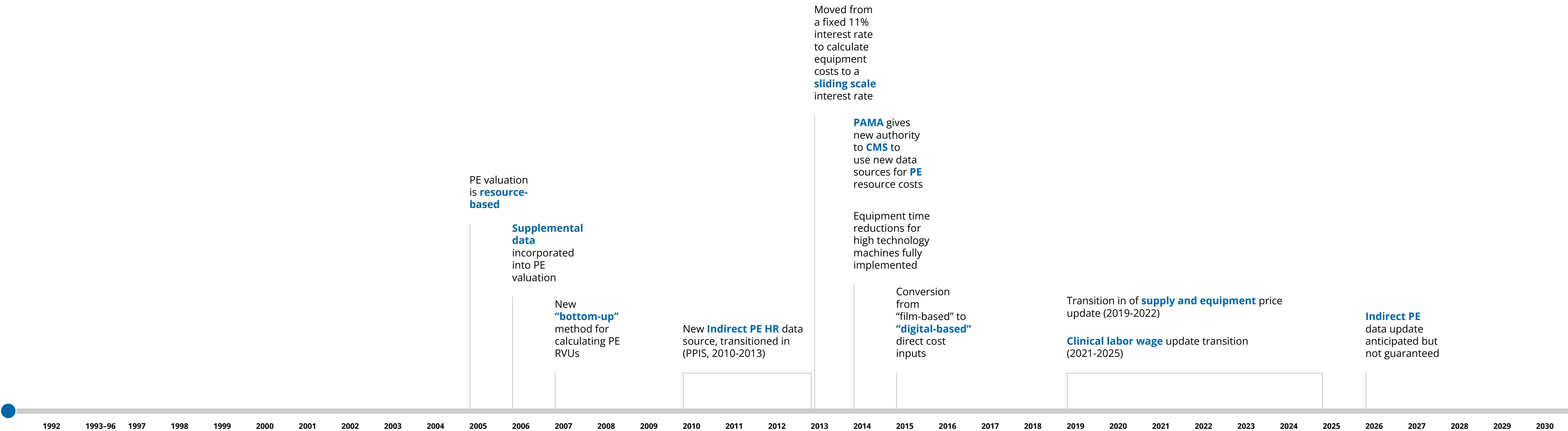
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PRACTICE EXPENSE (PE)



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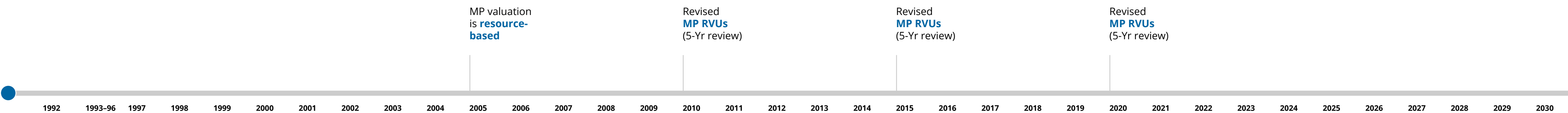
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MALPRACTICE (MP)



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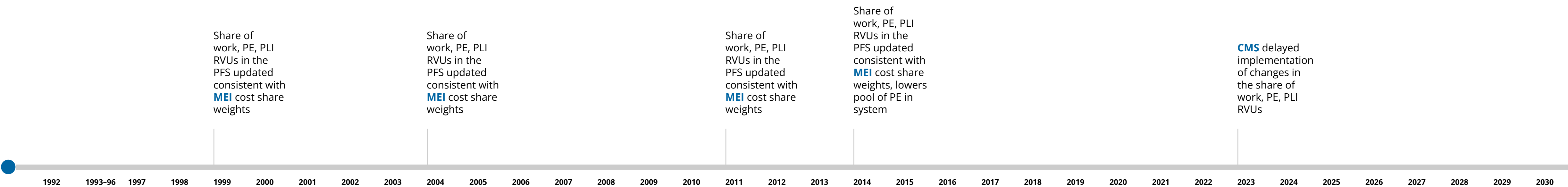
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REBASING/REVISING THE MEI



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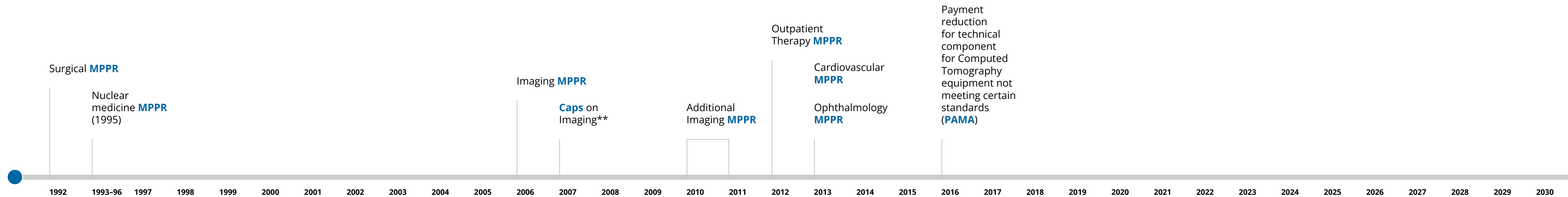
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EXAMPLES OF TARGETED PAYMENT ADJUSTMENTS



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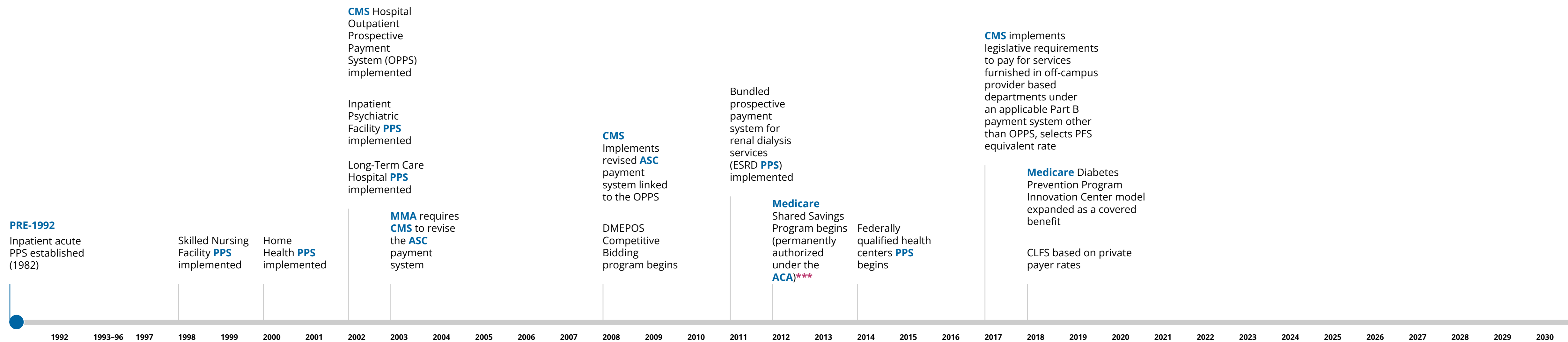
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EXAMPLES OF OTHER CMS PAYMENT SYSTEM INNOVATIONS



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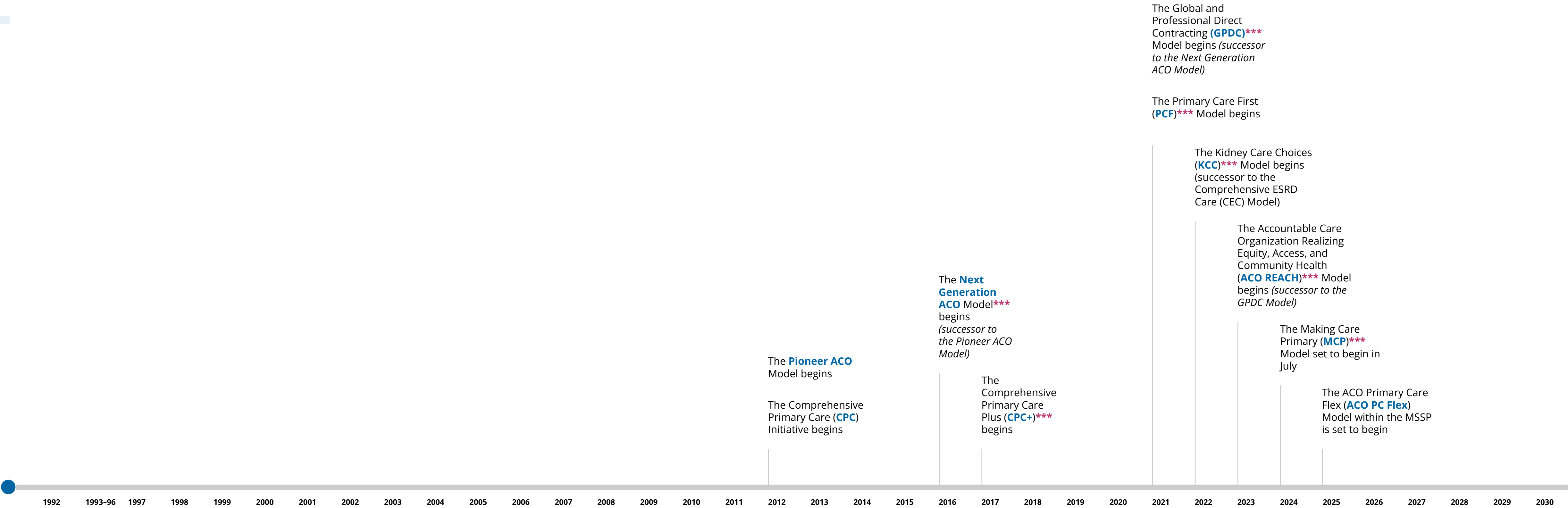
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CMMI: ACCOUNTABLE CARE MODELS



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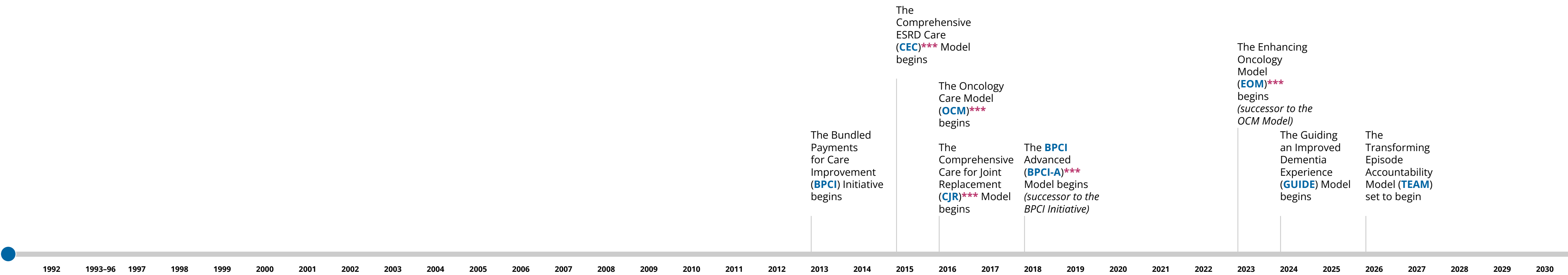
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CMMI: DISEASE-SPECIFIC AND EPISODE-BASED MODELS



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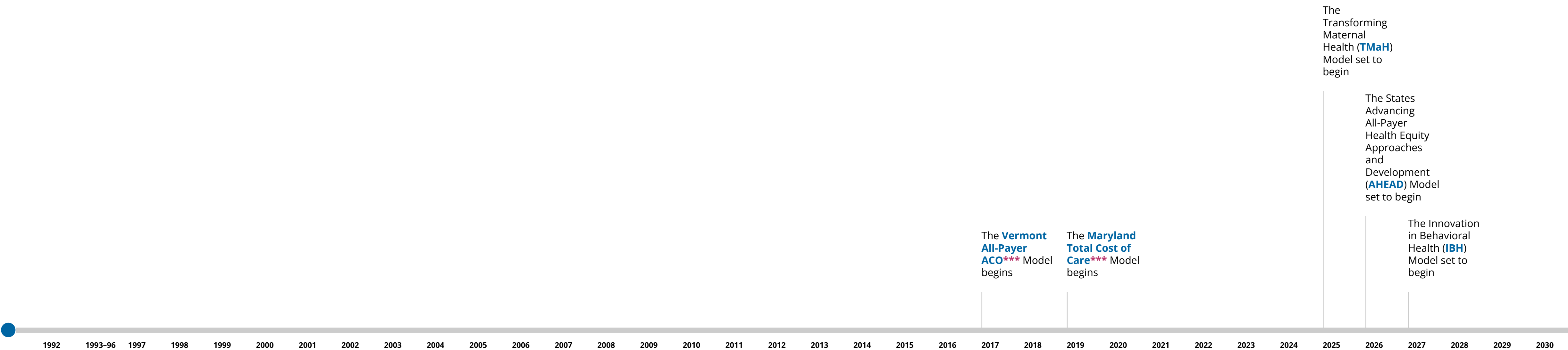
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CMMI: STATE & COMMUNITY-BASED MODELS



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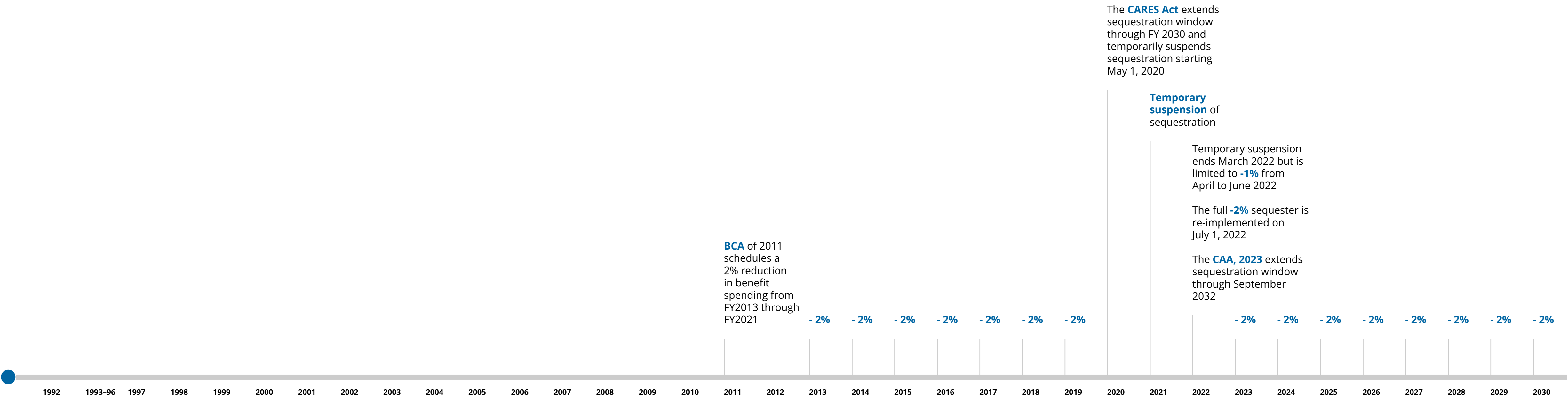
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SEQUESTRATION



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Sequestration

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Notes:

*Separate conversion factors for primary care, surgical and other non surgical. In 1996, the other nonsurgical CF was \$34.6293, primary care was \$35.4174 and surgical was \$40.7986. In 2010 and 2015, two different CF levels based on short term Congressional updates

**Section 5102(b) of the Deficit Reduction Act of 2005 requires a payment cap on the technical component of imaging procedures, effective 2007

*** Models that qualify as AAPMs for purposes of the incentive payment (when eligibility thresholds are met). The MSSP and some CMMI models have multiple tracks; only those with downside risk qualify as AAPMs. Model tracks qualifying as AAPMs are not described here.

DEFINITIONS:

ABLE: Achieving a Better Life Experience (ABLE) Act of 2014, signed into law as part of the Tax Increase Prevention Act of 2014 (Public Law 113-295)

ACA: Patient Protection and Affordable Care Act (ACA) of 2010 (Public Law 111-148), section 3134(a) requires the Secretary to periodically identify potentially misvalued services using certain criteria

ACO: Accountable Care Organization

AMA/Specialty Society Relative Value Update Committee (RUC) formed the Relativity Assessment Workgroup

APM: Alternative Payment Model

ASC: Ambulatory Surgical Center

ASP: Average Sales Price

ATRA: American Taxpayer Relief Act (Public Law 112-240)

AUC: Appropriate Use Criteria for Advanced Diagnostic Imaging Services

AWP: Average Wholesale Price

BBA: Balanced Budget Act of 1997 (Public Law 105-33), authorized PFS telehealth service with narrow statutory and regulatory parameters. CMS list of telehealth services established (2001)

BCA of 2011: Budget Control Act of 2011 (Public Law 112-25)

BBA of 2018: Bipartisan Budget Act of 2018 (Public Law 115-123), expands telehealth coverage and payment

BPCI-A: The Bundled Payments for Care Improvement Advanced

CAA, 2023: The Consolidated Appropriations Act, 2023 (Public Law 117-328)

CARES Act: The Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136)

CF: Conversion Factor

CLFS: Clinical Laboratory Fee Schedule

CMMI: The CMS innovation Center, established by Congress to identify ways to improve healthcare quality and reduce costs

DMEPOS: Durable Medical Equipment, Prosthetics/Orthotics & Supplies, paid on a separate fee schedule to Medicare-enrolled DME suppliers

E/M: Evaluation and Management

EHR: Electronic Health Record

ESRD: End Stage Renal Disease

E-visits: Online digital Evaluation and Management (E/M) services

Global periods: Codes with "10-" and "90-day" global periods account for the number of visits post surgery during the 10- and 90-day timeframe in surgical code valuation

HIPAA: Health Insurance Portability and Accountability Act of 1996 (HIPAA) (Public Law 104-191)

HITECH: Health Information Technology for Economic and Clinical Health (HITECH) Act, enacted as part of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) to promote adoption and meaningful use of health information technology

HPSA: Health Professional Shortage Area (HPSA). Section 5501 (b) of the ACA revised section 1833 of the Act provides a 10% incentive payment for major surgical procedures furnished in a geographic HPSA (2011-2015)

IMPACT Act: Improving Post-Acute Care Transformation Act of 2014 (Public Law 113-185)

IOM: Institute of Medicine

MACRA: The Medicare Access and CHIP Reauthorization Act of 2015 (Public Law 114-10)

MEI: Medicare Economic Index; Rebased and revised in 2011, revised in 2014, rebased and revised in 2023 but not used in rate-setting

MFTs: Marriage and Family Therapists. Consolidated Appropriations Act, 2023 (CAA, 2023) establishes a new Medicare benefit category for MFT and MHC services

MHCs: Mental Health Counselors

MHPAEA: Mental Health Parity and Addiction Act (Public Law 110-343)

MIPPA: Medicare Improvements for Patients and Providers Act of 2008 (Public Law 110-275)

MIPS: Merit Based Incentive Payment System

MMA: Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173), Section 413(b) established for claims with dates of service on or after July 1, 2004, psychiatrists furnishing services in mental health HPSAs are eligible to receive bonus payments.

MPPR: Multiple Procedure Reduction Policy. Therapy MPPR applies to occupational, physical, speech language. Imaging MPPR applies to the technical component with lesser discount to the professional component. Diagnostic cardiology and ophthalmology MRRP applies to the technical component.

NCD: National Coverage Determination

OBRA: Omnibus Budget Reconciliation Act

OTP: Opioid Treatment Program

ODD: Opioid Use Disorder

PAMA: Protecting Access to Medicare Act of 2014 (Public Law 113-93), expands CMS authority to develop and use alternative approaches to establish PE relative values

PCIP: Primary care incentive payment. Section 1833(x)(2) (A) (as added by section 5501(a) of the ACA) defines a primary care practitioner by specialty designation, for whom primary care services account for at least 60 percent of allowed charges for the practitioner under the PFS (2011 FR provides calculation of primary care percentage) for eligible primary care codes. 10% incentive payment, not subject to budget neutrality.

PFS Updates: refers to the annual update to the conversion factor and, where applicable formula used to calculate the update. One time updates in CY 2021-2024 refer to Congressionally authorized updates to the CF

PFS: Physician Fee Schedule

PHE: Public Health Emergency

PPIS: Physician Practice Expense Information Survey

PLI: Professional liability insurance

PPS: Prospective Payment System; where reimbursement is based on a predetermined fixed amount

PQRI: Physician Quality Reporting Initiative

PQRS: Physician Quality Reporting System

QPP: Quality Payment Program

RRVS: Resource Based Relative Value Scale (RBRVS) created in section 6102 of Omnibus Budget Reconciliation Act of 1989 (Public Law 101-239), relative value scale based on resource costs

Recovery Act: American Recovery and Reinvestment Act of 2009 (Public Law 111-5)

SaaS: Software as a Service

SDOH: Social Determinants of Health

SGR: Sustainable Growth Rate

SUPPORT Act: Substance Use-Disorder Prevention That Promotes Opioid Recovery and Treatment for Patients and Communities Act of 2018 (Public Law 115-271)

VBPM: Value Based Payment Modifier

Sources:

HMA analysis of Medicare PFS proposed and final rules

Medicare Payment Advisory Commission Reports

American Medical Association (AMA) The Physicians' Guide Medicare RBRVS 2022

Medicare's Mental Health Coverage: What's Included, What's Changed, and What Gaps Remain. The Commonwealth Fund

Centers for Medicare and Medicaid Services website

Urban Institute The COVID-19 Provider Relief Fund

Congressional Research Service (CRS) report, The SGR and Medicare Physician Payments: Frequently Asked Questions