

KEY PROPOSALS IN THE 2022 MEDICARE PHYSICIAN FEE SCHEDULE FINAL RULE INCLUDE AN UPDATE TO THE MEDICAL PHYSICIST CLINICAL LABOR RATE

On November 2, 2021, the Centers for Medicare and Medicaid Services (CMS) issued a final rule that includes updates on policy changes for Medicare payments under the Physician Fee Schedule on or after January 1, 2022.

The calendar year (CY) 2022 Medicare Physician Fee Schedule final rule is one of several rules that reflect a broader Administration-wide strategy to create a health care system that results in better accessibility, quality, affordability, empowerment, and innovation.

Background on the Medicare Physician Fee Schedule

Since 1992, Medicare payment has been made under the Medicare Physician Fee Schedule (MPFS) for the services of physicians and other billing professionals. Physicians' services paid under the MPFS are furnished in a variety of settings, including physician offices, hospitals, ambulatory surgical centers (ASCs), skilled nursing facilities and other post-acute care settings, hospices, outpatient dialysis facilities, clinical laboratories, and beneficiaries' homes. Payment is also made to several types of suppliers for technical services, generally in settings for which no institutional payment is made.

For most services furnished in a physician's office, Medicare makes payment to physicians and other professionals at a single rate based on the full range of resources involved in furnishing the service. In contrast, MPFS rates paid to physicians and other billing practitioners in facility settings, such as a hospital outpatient department (HOPD) or an ASC, reflect only the portion of the resources typically incurred by the practitioner in the course of furnishing the service.

For many diagnostic tests and a limited number of other services under the MPFS, separate payment may be made for the professional and technical components of services. The technical component is frequently billed by suppliers, like radiation treatment centers, while the professional component is billed by the physician or practitioner.

Payments are based on the relative resources typically used to furnish the service. Relative value units (RVUs) are applied to each service for work, practice expense, and malpractice expense. These RVUs become payment rates through the application of a fixed-dollar conversion factor. Geographic adjustments (geographic practice cost index) are also applied to the total RVUs to account for variation in practice costs by geographic area. Payment rates are calculated to include an overall payment update specified by statute.

2022 Conversion Factor

With the budget neutrality adjustment to account for changes in RVUs (required by law), and expiration of the 3.75 percent temporary CY 2021 payment increase provided by the Consolidated Appropriations Act, 2021 (CAA), the CY 2022 MPFS conversion factor is \$33.59, a decrease of \$1.30 from the CY 2021 MPFS conversion factor of \$34.89. The MPFS conversion factor reflects the statutory update of zero percent and the adjustment necessary to account for changes in relative value units and expenditures that would result from finalized policies.

2022 Clinical Labor Pricing Update

CMS finalized a series of standard technical proposals involving practice expense, including standard rate-setting refinements, the implementation of the fourth year of the market-based supply and equipment pricing update, and changes to the practice expense for many services associated with the update to clinical labor pricing. CMS finalized their proposal to update the clinical labor rates for CY 2022 through the addition of a four-year transition period as requested by public commenters. **CMS accepted the AAPM salary survey data and used it to calculate an updated medical physicist clinical labor rate of \$2.14 per minute up from the current rate of \$1.53 per minute, a 41% rate increase.** CMS proposed an update of \$1.80 per minute in the July 2021 proposed rule. CMS has used a four-year transition to incorporate new pricing data in the past, such as for the previous supply and equipment pricing update, and they believe that it will help provide payment stability and maintain beneficiary access to care.

Appropriate Use Criteria (AUC) Program

CMS finalized their proposal to begin the payment penalty phase of the AUC program on the later of January 1, 2023, or the January 1 that follows the declared end of the public health emergency (PHE) for COVID-19. This flexible effective date is intended to take into account the impact that the PHE for COVID-19 has had and may continue to have on practitioners, providers and beneficiaries. Previously, the payment penalty phase of the AUC program was set to begin January 1, 2022.

Additional information will be provided on the AAPM website in the next few weeks.