



Policy Update

CMS Updates CY 2023 Physician Conversion Factor to \$33.8872

On January 5, 2023, the Centers for Medicare & Medicaid Services (CMS) announced an updated CY 2023 physician conversion factor (CF) of \$33.8872.

This change reflects a 2.5% positive adjustment from the initial CY 2023 physician CF of \$33.0607 announced in the CY 2023 Medicare Physician Fee Schedule (PFS) Final Rule. That initial physician CF represented a 4.47% cut from the CY 2022 CF of \$34.6062, whereas the updated physician CF is a 2.08% cut.

The updated anesthesia CF is \$21.1249, a 2.03% cut from the CY 2022 CF of \$21.5623 (compared to the 4.42% cut announced in the CY 2023 PFS Final Rule).

CMS implemented this change in response to the Consolidated Appropriations Act (CAA), 2023 (Public Law 117-328), signed into law on December 29, 2022. This bipartisan legislation also staved off other Medicare cuts, including the Pay-As-You-Go Act of 2010 (PAYGO) cuts that impact all Medicare payments. Without legislative action, providers could have faced a 4% across-the-board PAYGO reduction plus the aforementioned cuts to the physician and anesthesia CFs.

In addition to the 2.5% positive adjustment to the CFs for January 1, 2023, through December 31, 2023, the CAA 2023 implements a 1.25% positive adjustment to the CFS for January 1, 2024, through December 31, 2024.

SCHEDULED PAYMENT REDUCTIONS TO CY 2023 MEDICARE PFS

Cuts	CY 2023
Medicare Physician CF* Reduction	2.08%
Medicare Sequestration	2%
PAYGO Sequestration	0%

* Congress implemented a 2.5% positive adjustment the Medicare physician CF, reducing the scheduled 4.47% cut.

Note: Merit-based Incentive Payment System eligible clinicians may also be subject to a positive, negative or neutral adjustment to their CF.

Other key healthcare provisions in the CAA 2023 include the following:

- Extension of pandemic-related Medicare telehealth flexibilities for two years, through December 31, 2024



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- One-year delay in the scheduled cuts to clinical laboratory services and a one-year delay on scheduled reporting requirements under the Protecting Access to Medicare Act of 2014
- Extension of the Advanced Alternative Payment Model bonus for one year at a 3.5% bonus payment rate
- Mental health and substance use disorder reforms.

[Click here](#) to download a detailed summary of the significant healthcare provisions in the CAA 2023.

For more information, contact [Deborah Godes](#).

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