Medicare's Proposed Rule Foreshadows 2027 Reimbursement

By Elizabeth Woodcock, MBA, FACMPE, CPC

Each summer, the Centers for Medicare & Medicaid Services (CMS) issues a series of proposed rules outlining potential changes for the coming calendar year. On July 16, CMS published the Calendar Year (CY) 2027 Medicare Physician Fee Schedule Proposed Rule. The 716-page document represents a proposal; however, its content has reliably foreshadowed the direction of future reimbursement for decades. Let's break down the key areas of the proposed rule:

Medicare payments will dip in 2027. As of this year, Medicare issues two rates for medical practices: one for participants in qualifying alternative payment models (APMs) and another for everyone else. The proposed CY 2027 qualifying APM conversion factor of $33.17 represents a projected decrease of $0.40 (-1.19%) from the current conversion factor of $33.57. The proposed CY 2027 nonqualifying APM conversion factor of $32.84 represents a projected decrease of $0.56 (-1.68%) from the current conversion factor of $33.40. Unless Congress swoops in, which it often does, physicians will experience a small decline in payments. Because Medicare rates are used as an index by many commercial payers, there may be a ripple effect across all professional payments. Hospitals, by

contrast, had their Medicare payment rate for inpatient services finalized at an increase of 2.3% in CY 2027. Find more here.

G2211 is going away, sort of. The small payment, about $16, added to office/outpatient evaluation and management (E/M) visit reimbursement to account for the complexity associated with a longitudinal patient relationship is proposed to be sunset.

CMS instead proposes replacing G2211 with a modifier that would increase the E/M payment by 16%, effectively providing more return than the current flat-dollar amount for many E/M levels. CMS also proposes a larger adjustment for practitioners participating in certain accountable care arrangements. No word yet on the final modifier designation.

Modifier -25 will signal a discount. A separately identifiable office/outpatient E/M visit furnished by the same physician, or a physician in the same medical practice, on the same day as a 0-, 10-, or 90-day global procedure is currently identified with modifier -

25. Although these claims can face denials, the E/M visit is currently eligible for full payment. Not anymore, if this proposal is finalized. The highest-valued service, either the surgical procedure or E/M visit, would be paid at 100%, while other procedures or E/M service furnished on the same day would be paid at 50%.

Remote monitoring gets a third-party retraction. Remote patient monitoring (RPM) and remote therapeutic monitoring (RTM) have expanded rapidly over the past five years, largely due to favorable reimbursement and the inclusion of third parties. CMS is proposing to reverse course by allowing payment for RPM and RTM services only when performed by clinical staff employed by the practice rather than by contractors. CMS also proposes requiring RTM services to be furnished only to established patients, requiring practitioners reporting RPM or RTM services to furnish a separately reportable initiating visit, and reducing the valuation of certain device related codes based on evidence that they may now be available at a lower cost.

Shared medical appointments (SMAs) get the green light. Currently, SMAs are largely coded and billed as E/M visits when performed. CMS is proposing to establish separate coding and payment for these services. Having a well-defined coding pathway may be welcome, although reimbursement under a new payment structure will influence how widely these visits are used.

There are many more proposals on the table from CMS. Consider scanning the fact sheet to identify provisions that could affect your practice.

The final rule is typically released the first of November, and we'll return to these issues once CMS determines which proposals make the cut. View the proposed rule here.

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attorney for legal advice, as specific legal requirements may vary from state to state and/or change over time.