

CMS Finalizes 2025 Physician Pay Cut, as “Doc Fix” Legislation Gains Support

On November 1, the Centers for Medicare & Medicaid Services (CMS) finalized updates for the calendar year (CY) 2025 Medicare Physician Fee Schedule (MPFS). CMS has used the MPFS annually since 1992 to update reimbursement rates for physician and supplier services within Medicare. The finalized rule revises payment policies under the MPFS and implements other changes to Medicare Part B payments, effective January 1, 2025.

In the CY 2025 final rule, CMS confirmed a 2.83% reduction in the physician payment rate, adjusting the Physician Fee Schedule conversion factor (CF) from \$33.29 in CY 2024 to \$32.35 in CY 2025. This change, driven by budget neutrality adjustments and inflationary considerations, reflects a slight revision from the proposed 0.05% adjustment issued in July. The HFMA, AMA and other provider organizations have all expressed opposition to this cut, but it will take legislative action to stop the payment reduction at this point.

In response to CMS’ finalized 2.83% reduction, a bipartisan group of lawmakers introduced the “**Doc Fix**” **legislation** on October 29. This proposed legislation seeks to offset the scheduled Medicare reimbursement cut for 2025 entirely. Additionally, the bill proposes a partial inflation adjustment by offering a 50% increase tied to the Medicare Economic Index (MEI) for one year in 2025. The partial inflation adjustment is intended to help providers manage rising practice costs amid ongoing financial challenges.

The “Doc Fix” bill emerges as part of broader advocacy efforts within Congress to address Medicare payment stability. Recently, over 230 bipartisan members of Congress sent a letter to Speaker Mike Johnson, urging immediate action to prevent these Medicare cuts. While long-term reforms remain a topic of interest, they are unlikely to advance this session. However, there is optimism that this short-term legislative solution could be included in the upcoming lame-duck session, which begins November 12. If passed, the bill could prevent the CMS cuts from taking effect on January 1, 2025.

APS Medical Billing will continue to monitor legislative developments and inform clients about how these changes may impact physician practices and reimbursement rates. As the industry anticipates potential Congressional action, APS remains dedicated to supporting clients through these regulatory shifts.