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2025 Medicare Reimbursement Update



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HIDA

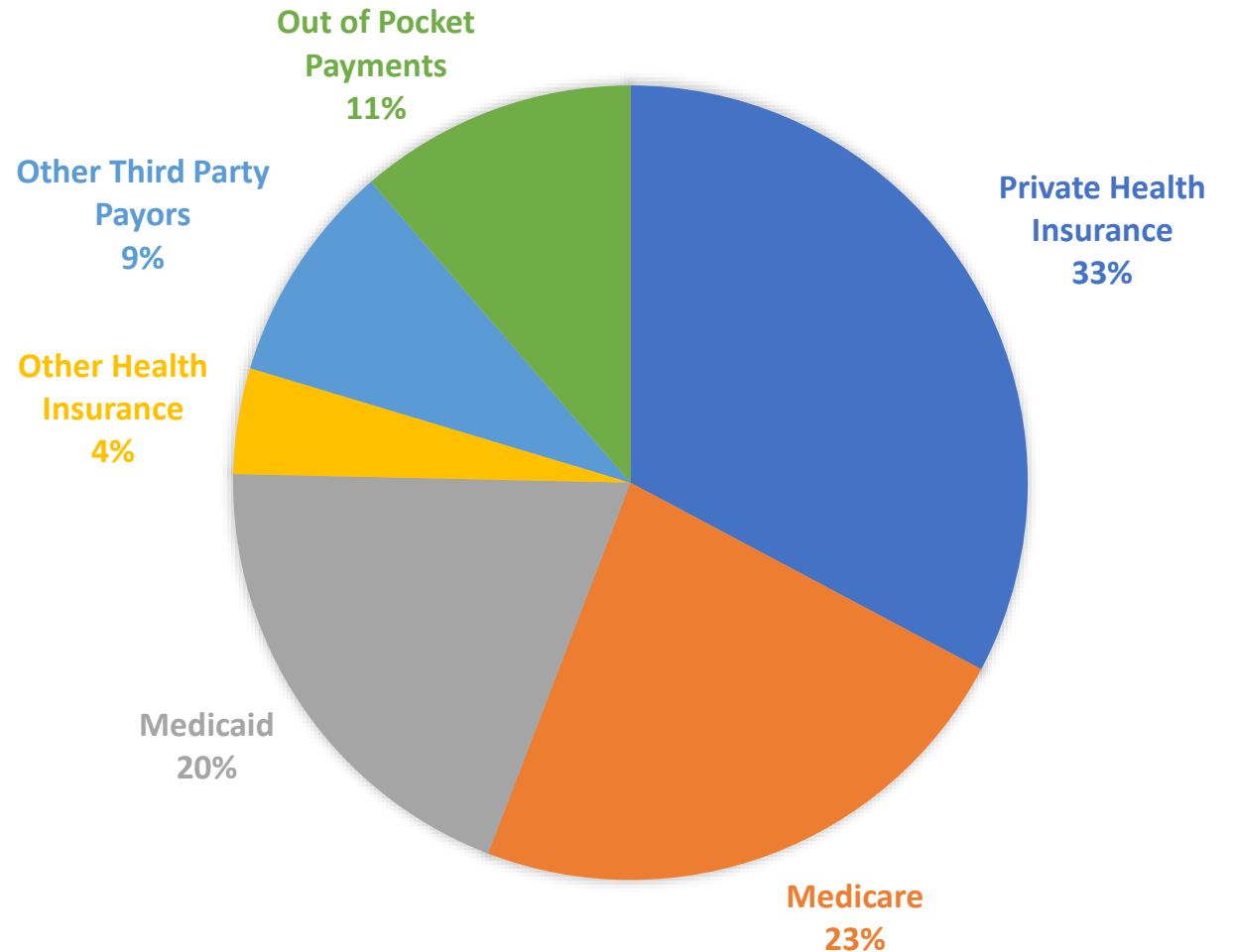
Agenda

- Why Do Medicare Reimbursement Rates Matter?
- Overview Of Medicare Reimbursement By Provider Type
- Update On CMS Reimbursement Rules

Why Do Medicare Reimbursement Rates Matter?

- 23% of 2023 Healthcare Expenditures Were from Medicare
- Private Insurers Use Medicare Rates As A Benchmark

2023 HEALTH EXPENDITURES BY SOURCE OF FUNDS



Medicare Reimbursement and Provider Types



- **Hospitals** are paid in a single lump sum for inpatient stays based on patient diagnosis not actual costs.
- No financial benefits from extra tests or services.



- **Hospital Outpatient and Ambulatory Surgical Centers** are paid a single amount for the procedure, with certain other costs reimbursed separately.
- Both benefit from keeping medical supply and equipment costs down but may try new devices if reimbursed separately.



- **Physicians** and other practitioners paid on a fee schedule, rates determined by Resource-Based Relative Value Scale
- Physician practices may be able to increase revenue and profitability through new reimbursable services.

Medicare Reimbursement and Provider Types



- **Skilled nursing facilities** paid per diem amount, which covers all services, supplies, and ancillary costs.
- Little financial benefit from extra services.



- **Home health agencies** receive prospective payments based on 30-day care period.
- Supplies are not reimbursed separately.



- Medicare pays **DME providers** on a fee schedule.
- DME providers lose money if cost of equipment exceeds fee schedule payments.

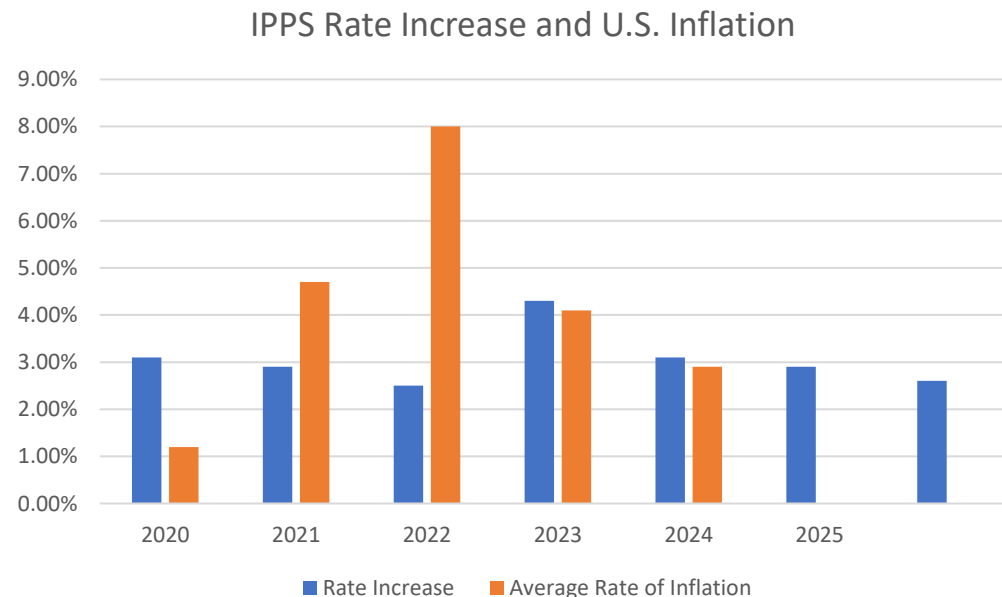
Inpatient Prospective Payment System (IPPS) Medicare Payment Rule

FY 2025 IPPS Final Rule

- Increased operating payment rate by 2.9%
- Created separate payment to support small, independent hospitals in creating and maintaining a buffer stock of essential medicines

FY 2026 IPPS Final Rule

- Increased operating payment rate by 2.6%, CMS expects \$5 billion more in hospital payments for FY2026
- 2.7% increase for Long-Term Care Hospitals



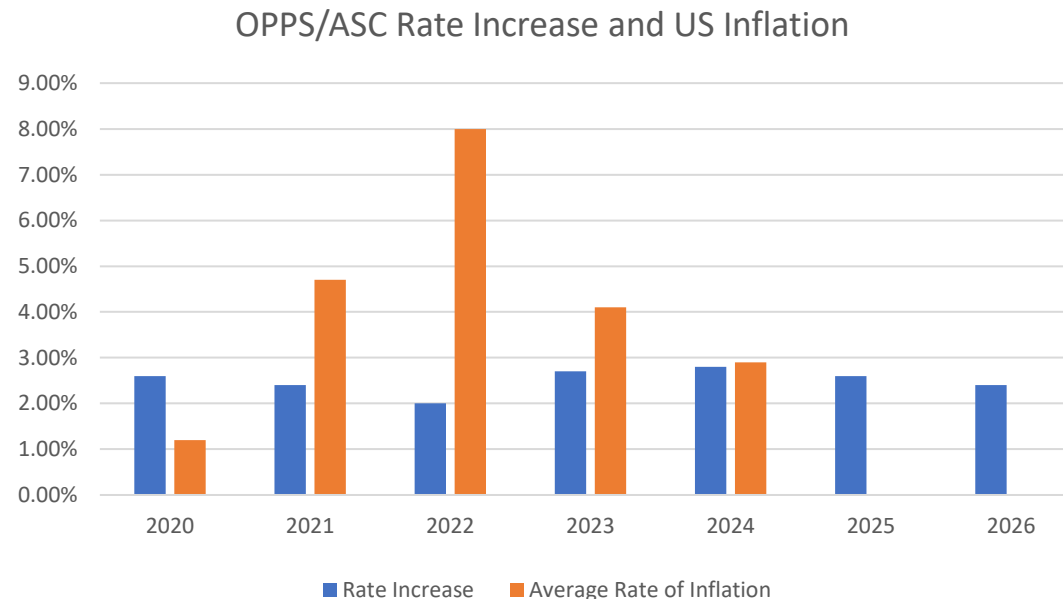
Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Centers (ASCs) Medicare Payment Rule

CY 2025 OPPS/ASCs Final Rule

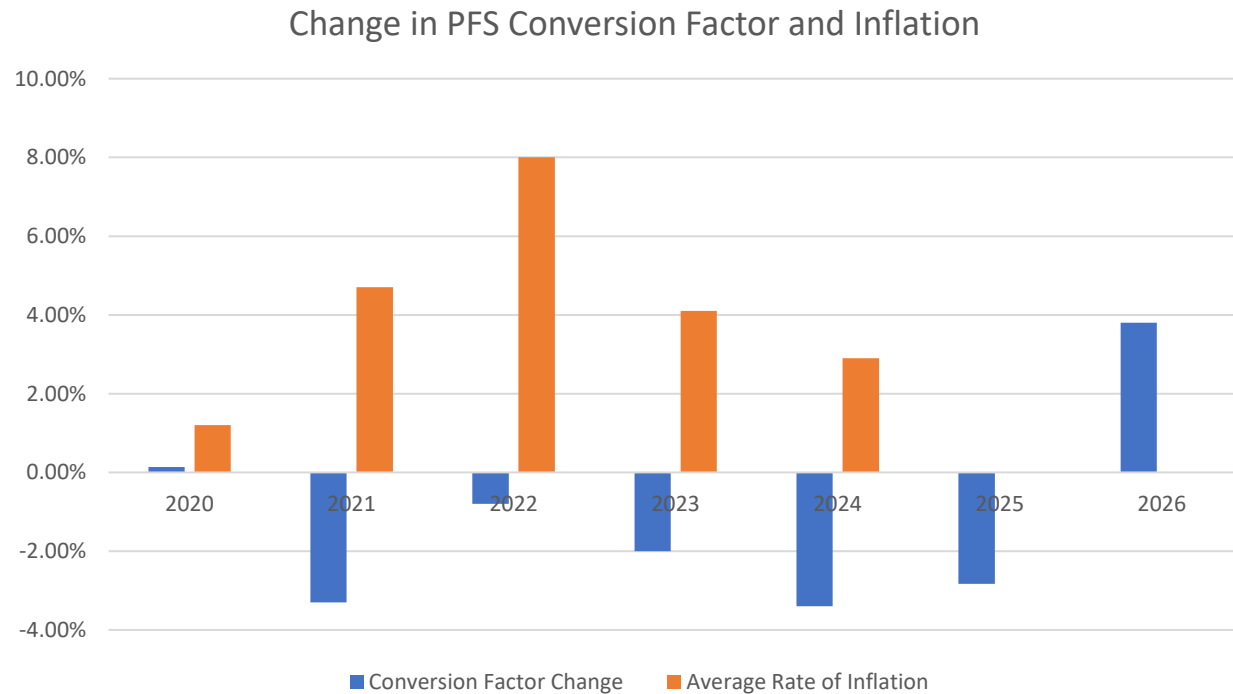
- 2.6% payment increase
- Added 20 surgical procedures, including transcatheter insertion/removal, to ASC Covered Procedures List

CY 2026 OPPS/ASCs Proposed Rule

- Proposed 2.4% increase
- Phase out in-patient only list, beginning with 285 mostly musculoskeletal procedures



Physician Fee Schedule (PFS) Medicare Payment Rules



CY 2025 Physician Fee Schedule

- 2.83% *decrease*

CY 2026 Physician Fee Schedule Rule

- Proposed 3.8% increase for APM providers and 3.3% increase for non-APM providers

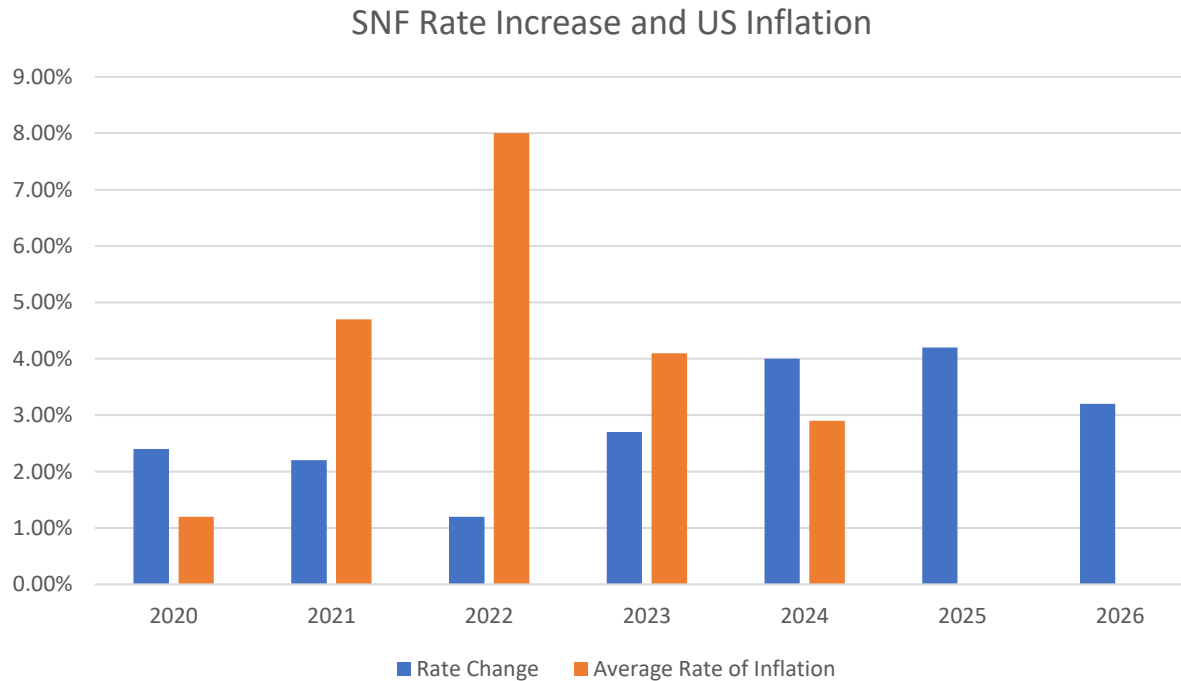
Skilled Nursing Facility (SNF) Medicare Payment Rule

FY 2025 SNF Final Rule

- 4.2% increase, estimated to be \$1.4 billion more in FY 2025 payments

FY 2026 SNF Final Rule

- 3.2% increase, estimating \$1.16 billion more in payments for FY 2026



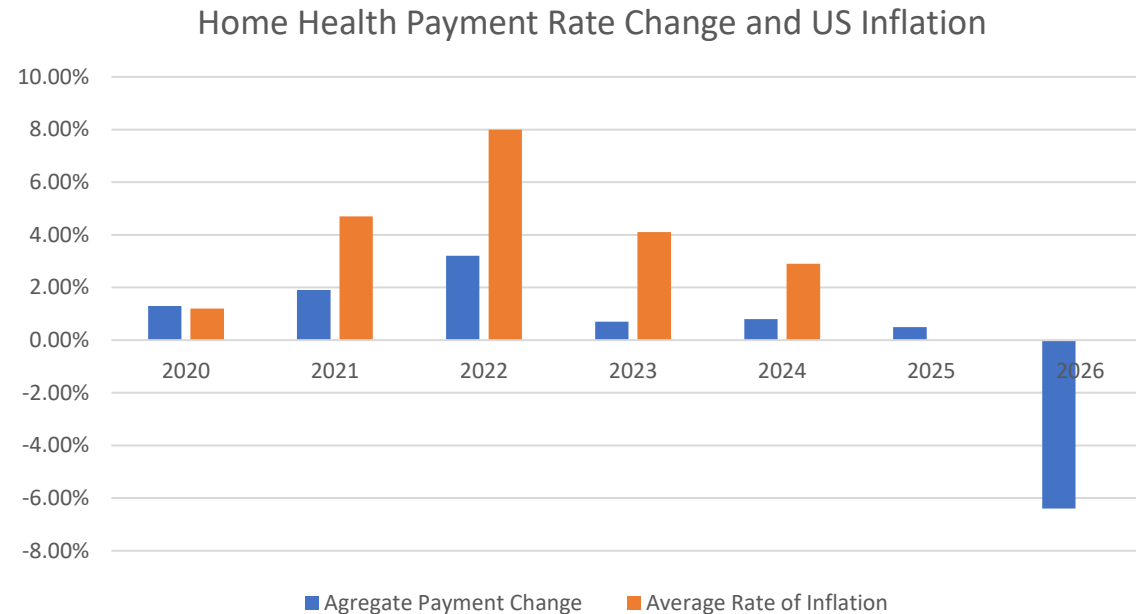
Home Health Agency Medicare Payment Rule

CY 2025 Home Health Final Rule

- 0.5% increase in payments, or \$85 million

CY 2026 Home Health Proposed Rule

- 6.4% decrease in payments, or \$1.135 billion



CY2026 Durable Medical Equipment Proposed Rule

- Adds ostomy, tracheostomy, and urological supplies to the DMEPOS CBP
- Includes continuous glucose monitors and insulin pumps in future CBP bidding and pay for them under a monthly rental basis (rental payment will include base equipment item, supplies, and accessories)
- Proposes a new remote delivery program, which could make supplier responsible for providing items and services nationwide based on a single competitive bid

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