

Report on Medicare Compliance Volume 33, Number 22. June 17, 2024

For Payment, CMS Requires Physicians to Link SDOH to Treatment

By Nina Youngstrom

As CMS continues to bake health equity into Medicare reimbursement and pay-for-performance models, physicians and other practitioners should be aware of hoops they're required to jump through. For example, Medicare now pays for certain services to account for the social determinants of health (SDOH), but they must be tied to services provided to diagnose and treat an injury or illness. The SDOH services became reimbursable in the 2024 Medicare Physician Fee Schedule (MPFS) rule.

"CMS struggled with using funds to screen and address the social determinants of health," said Martie Ross, a principal with PYA, at a June 5 webinar sponsored by the firm. To find a way, CMS linked SDOH to medical necessity by saying Medicare pays for attending to SDOH if the billing practitioner has a reason to believe they interfere with diagnosing and treating the patient, she said. But now, "we need guidance from CMS on how we document reasons in the medical record."

Also, keep in mind that physicians and nonphysician practitioners (NPPs) may be reluctant to provide the new SDOH services, said Miriam Murray, a manager with PYA. "Providers' resistance is real," she said, along the lines of "I was trained to treat their medical conditions, not their social issues." But the reimbursement is there, and it's also embedded in inpatient quality reporting. "It's new for Medicare to take these services on," Murray noted. Hospitals and physician practices will need processes and policies to ensure they're responsive.

CMS in April 2022 released its health equity strategy, which has five priorities. They include building provider capacities to reduce health care disparities and expanding the collection, reporting and analysis of standardized data. The overarching goal is both to improve outcomes and access to care, but dollars factor in as well, Ross said. "It is disparities in access and outcomes that drive up costs in our health care system."

CMS has breathed life into its strategy in various ways in the past few years. For starters, two SDOH measures made their debut in the inpatient quality reporting (IQR) program in the 2023 inpatient prospective payment system (IPPS) rule. "It's a pay-for-reporting program," Ross noted. Hospitals that fail to submit the required information will have a negative payment adjustment two years later. The measures were voluntary in 2023, but they're mandatory this year.

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