

Payment Trends Reshaping Financial Performance in Medical Practices



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With shifting regulations, advancing technologies, and growing pressure on reimbursement, the need for practice leaders to remain informed and adaptive has never been greater. Whether you're managing a solo practice or leading a multi-specialty group, the changes unfolding in 2025 and beyond carry significant implications for how your practice operates—and thrives.

Medicare Reimbursement: Pressure Without Relief. Medicare remains a dominant payer for most practices, but the downward pressure on reimbursement continues. The 2025 Medicare Physician Fee Schedule final rule reduced the conversion factor from

\$33.29 to \$32.35, resulting in an overall 2.93% cut that affects every Medicare payment for a professional service.

Home - Centers for Medicare & Medicaid Services | CMS

Specialty-specific payment shifts compound the challenge. While psychologists (+3%) and social workers (+4%) saw increases, interventional radiology, vascular surgery, and ophthalmology took a -2% hit. Pay adjustments like sequestration (CARC CO253) are layered on top, which further erode margins.

Medicare and Budget Sequestration | Congress.gov | Library of Congress

The American Medical Association estimates that reimbursement for professional services has declined by 29% since 2001. In short: practices are expected to do more—for less reimbursement.

2025 Medicare updates compared to inflation chart | AMA

Undercoding: The Revenue You May be Leaving on the Table. A growing body of evidence points to undercoding as a silent drain on practice revenue. One study found that up to 19% of office and outpatient visits were undercoded. In a separate review of 3,000 Medicare encounters, 408 billable services were missing entirely. **[Finding the Lost Dollar - AAPC Knowledge Center]** In contrast to decrease in overall reimbursement, payment rates for evaluation and management codes have risen. Since 2017, the payment for 99213 has risen from \$73.93 to \$88.95 (or \$104.48 when G2211 is added). (including a **[MedPAC releases June 2025 Report to the Congress: Medicare and the Health Care Delivery System – MedPAC]**) This shift makes appropriate coding more important than ever.

This is more than a documentation issue, it's a revenue integrity opportunity. Underreported or missed codes mean missed dollars, and the cumulative impact can be significant.

One solution? Embrace the use of code G2211, which captures the complexity of ongoing care management for patients. When paired with preventive services like Medicare's Annual Wellness Visits or vaccinations, it can help restore some of the value lost through declining reimbursement.

Release of 2025 Final Medicare Payment Rule | SVMIC

hcpcs-g2211-faq.pdf

A New Model: Advanced Primary Care Management. The Centers for Medicare & Medicaid Services (CMS) is encouraging more comprehensive, coordinated care— especially through the new Advanced Primary Care Management structure. **[Advanced Primary Care Management Services | CMS]** Practices that serve as the patient's continuous point of care can now bill for services reflecting enhanced care delivery – and receive up to \$1,320 *per patient per year*.

That includes activities like care planning, care transitions, and 24/7 access. The model rewards physicians not just for volume, but for delivering ongoing, holistic care to patients.

For primary care practices in particular, this represents a meaningful opportunity to align operations with clinical and financial outcomes.

Don't Overlook Caregiver Training. New for 2025, caregiver training is reimbursable—not just in person, but also via telemedicine. CPT codes 97550, 97551, and 97552 cover both individual and group instruction sessions. Patients can benefit from practices that offer training to caregivers focusing on strategies and techniques to help caregivers assist the patient with their functional performance. Practices should take a closer look at this opportunity. Other opportunities include post-ED discharge support, safety planning interventions, and even FDA-cleared digital treatment devices. All are examples of CMS recognizing the value of the care ecosystem beyond the traditional exam room.

Health-Related Social Needs FAQ

The Market is Shifting—Fast. The broader healthcare market is undergoing rapid consolidation. UnitedHealthcare, for instance, is now the largest employer of physicians in the U.S., embodying the rise of the “payvider” model—where payers are employing providers. At the same time, value-based care is moving from concept to execution.

From CMS Innovation Center pilots to commercial payer contracts, the focus is on performance, outcomes, and cost control.

Practices must be equipped to engage in risk-based models—either independently or with the support of enablers that provide population health, analytics, and care coordination capabilities.

Artificial Intelligence (AI): Not a Buzzword—A Business Tool. AI is no longer a futuristic idea; it's rapidly becoming a critical tool for workflow optimization. In their revenue cycle, high-performing practices are using AI to identify high-dollar, low-effort claims and flag documentation errors prior to submitting a claim. Next-generation AI will scan schedules for likely denials and detect underpayments or underutilized services.

AI won't replace your revenue cycle team—but it may make them faster, more accurate, and more efficient.

Telemedicine: Still Viable, But with Caveats. Congress has extended the COVID-era telehealth flexibilities through September 30, 2025. That gives practices time—but not unlimited time—to refine their telemedicine strategy.

Telemedicine remains viable, but it requires clear workflows and compliance-minded execution.

[Telehealth policy updates | Telehealth.HHS.gov](#)

A Final Word: Preparing for Uncertainty. Beyond policy and payment changes, practices face a broader set of challenges—chief among them, workforce shortages. The U.S. is projected to face a deficit of up to 86,000 physicians by 2036, according to the AAMC.

[Addressing the Physician Workforce Shortage | AAMC](#)

Combine that with inflation, technology shifts, and patient expectations, and it's clear: adaptability may be your practice's most important asset.

What This Means for Your Practice

Now is the time to review your coding patterns, audit your revenue cycle, and identify areas for improvement and innovation. Look at emerging opportunities—not just as billing items, but as strategies to deliver better care and sustain your practice.

From AI and telehealth to value-based care and caregiver engagement, there's no shortage of change ahead. But there's also an opportunity if you know where to look.

Sidebar

What is the next generation of AI? A broad term for the ability of computers to perform tasks that normally require human intelligence, agentic AI represents the future. This isn't a vendor, it's a category of technology designed to replace the *intelligence*.

Traditional AI requires a human to provide instructions; agentic AI allows for autonomous decision-making and independent action of complex, multi-faceted problems. The applications are endless – from identifying patients who have preventive care gaps to isolating revenue cycle coding blunders.

Sidebar

Benchmark Data Shows Physician Employment Trend

Only 42.4% of physicians were in private practice, according to the American Medical Association's 2024 Physician Practice Benchmark Survey. In this survey, physicians reported selling their practices based on "the need to better negotiate higher payment rates with payers, to improve access to costly resources, and to better manage payers' regulatory and administrative requirements."

[Physician Practice Benchmark Survey | American Medical Association](#)

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