



September 9, 2024

Chiquita Brooks-LaSure, Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
P.O. Box 8016 Baltimore, MD 21244-8016  
Attention: CMS-1807-P

**Subject: Medicare and Medicaid Programs; 2025 Payment Policies Under the Physician Fee Schedule and Other Changes to Part B Payment and Coverage Policies; Medicare Shared Savings Program Requirements; Medicare Prescription Drug Inflation Rebate Program; and Medicare Overpayments [CMS-1807-P]**

Dear Administrator Brooks-LaSure,

On behalf of the California Public Employees' Retirement System (CalPERS) and Covered California, we are writing in response to your request for comment on the 2025 Medicare Physician Fee Schedule Proposed Rule (CMS-1807-P).

CalPERS is the largest commercial health benefits purchaser in California and the second-largest commercial purchaser in the nation. We secure health benefits for approximately 1.5 million active and retired state, local government and school employees and their family members. In 2022, CalPERS enrolled 150,427 members in Medicare Supplement plans and 166,429 in Medicare Advantage plans.<sup>1</sup> We contract with numerous large health insurance companies to provide our members with a variety of health plan offerings, including health maintenance, preferred provider and exclusive provider organization (HMO, PPO, and EPO) products.

Covered California is the state's health insurance marketplace under the Affordable Care Act, and it works to reduce the number of uninsured Californians, improve health care quality, lower costs, and reduce health disparities through an innovative, competitive marketplace. Covered California is an active purchaser, ensuring access to equitable, high-quality care for nearly 1.8 million Californians. It facilitates enrollment in 15 health plans (including HMO, PPO, and EPO products) across 12 issuers.

By working together, CalPERS and Covered California strive to align our health benefit offerings, improve the efficiency of health care delivery, and leverage our purchasing

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<sup>1</sup> See CalPERS 2022 Health Benefits Program Annual Report, available at <https://www.calpers.ca.gov/docs/forms-publications/health-benefits-program-annual-report-2023.pdf>

power to negotiate better rates, services, and clinical quality for individuals. This partnership aims to enhance the overall health coverage landscape in California, making it more accessible and affordable for the residents of our state. Drawing from our experience in California and as advocates for value-based care and equitable health care access, we strongly support several initiatives within the proposal and offer recommendations to further align them with our objectives of expanding value-based payment models and enhancing health care accessibility.

### **Advanced Primary Care Management (APCM) Codes**

We commend the introduction of APCM codes, recognizing their potential to elevate primary care within our health care system. This initiative supports comprehensive care management and facilitates better patient outcomes. It resonates with our goal of expanding quality care by fostering better clinician-patient relationships and promoting a more sustainable health care system. We suggest extending unique reimbursement adjustments for APCM services to a wider provider base, such as community health settings, to enhance primary care access for diverse populations. We also would appreciate insight into the implementation of the finalized codes.

### **Telehealth Services Expansion**

The proposal's focus on expanding Medicare telehealth services, particularly in allowing for audio-only visits, is appropriate and marks a significant advancement in health care accessibility. We urge CMS to further expand its interpretation of section 1834(m)(2)(A) to permanently allow for audio-only telehealth for all services beyond any congressional extension. Additionally, we recommend that CMS engage in a collaborative review with stakeholders of mental health and substance use treatment services to ensure comprehensive and sustainable access to audio-only services, including appropriate reimbursement structures.

### **Behavioral Health Services Enhancements**

We laud the proposed enhancements to behavioral health services, which recognize the critical need for improved access to mental health and substance use disorder care. We recommend incentivizing the integration of behavioral health within primary care to promote a holistic patient care approach.

### **Addressing Health-Related Social Needs**

The emphasis on services addressing health-related social needs and social determinants of health is vital for health equity. We encourage CMS to develop guidelines to support health care provider partnerships with local organizations addressing social determinants of health to foster comprehensive care strategies.

We are aligned with CMS's vision to promote primary care as the cornerstone of our health care system, and we view the proposed rule as a pivotal advancement toward a system that emphasizes value, quality and equity. Implementing our recommendations could amplify the rule's impact, ensuring broad access to high-quality, affordable health

care. We eagerly anticipate ongoing collaboration with CMS and stakeholders to refine our health care system, prioritizing the well-being of every individual, especially the most vulnerable. To this end, we are happy to offer technical assistance and access to our collective rich data resources.

We thank you for your consideration and we look forward to continuing to work with you on our shared goal to improve health care affordability. Please do not hesitate to contact Donald Moulds, CalPERS' Chief Health Director, at (916) 795-0404, if we can be of any assistance.

Sincerely,

A handwritten signature in blue ink that reads "Marcie Frost". The signature is written in a cursive, flowing style.

Marcie Frost  
Chief Executive Officer, CalPERS

A handwritten signature in blue ink that reads "Jessica K. Altman". The signature is written in a cursive, flowing style.

Jessica Altman  
Executive Director, Covered California