September 12, 2025

Centers for Medicare & Medicaid Services,
Department of Health and Human Services
P.O. Box 8016
Baltimore, MD 21244-8016
Attention: CMS-1832-P

Subject: Calendar Year (CY) 2026 Medicare Physician Fee Schedule (PFS) Proposed Rule [CMS-1832-P]

To Whom It May Concern,

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 CY 2026 Medicare Physician Fee Schedule proposed rule.

Covered California, the nation's largest state-based health insurance marketplace, has provided coverage to over 6.3 million Californians—about one in six residents—since its launch in 2014. CalPERS, the largest public employer purchaser of health benefits in California and the second largest employer purchaser in the nation, aims to provide access to equitable, high-quality, and affordable health care to our 1.5 million active and retired state, local government and school employees, and their family members. This includes coverage for more than 338,000 members enrolled in CalPERS' Medicare Supplemental and Medicare Advantage plans.[1]

With CalPERS' and Covered California's experience making health care more accessible, affordable, and beneficial for our members, we welcome the opportunity to comment on proposals to invest in effective primary care, increase access to telehealth, integrate behavioral health services within primary care, and strengthen the integrity of Part B drug payment calculations.

Payment for Medicare Telehealth Services

CalPERS and Covered California strongly support streamlining the process for adding services to the Medicare telehealth services list. We believe telehealth improves access

[1] See Agenda Item 7a 2024 Open Enrollment Health Plan Transfers, March 2025, available at https://www.calpers.ca.gov/documents/202503-pension-agenda-item-7a-attach-1-a/download?inline

to care, reduces barriers related to geography and scheduling, and enhances continuity of care. We believe the COVID-19 pandemic demonstrated that many services can be delivered effectively and safely via telehealth. Simplifying and expediting the approval process for additional telehealth services helps ensure that members have timely access to the care they need.

We also support the Centers for Medicare and Medicaid Services (CMS) removing telehealth frequency limitations on inpatient visits and critical care consultation services, which will expand access to these critical services for our members.

We further support the one-year extension enabling a Federally Qualified Health Center and Rural Health Clinic to provide medical services through telecommunications technology, including audio-only services. Last year, CalPERS publicly supported the proposal to expand telehealth services to include audio-only services and recommended that CMS make this expansion permanent for all services. Although the telehealth extensions are not yet permanent, CalPERS and Covered California remain committed to supporting the expansion of telehealth for medical services, as we have for behavioral health services, and we encourage CMS to make this change permanent. While CMS is limited in the telehealth policy changes it can develop or implement, such as site of care flexibilities requiring Congressional action, we believe this change represents another significant advancement in improving health care accessibility.

We would also like to reiterate our support for continued access to behavioral health services through telehealth. We believe behavioral health is one of the areas where telehealth had the most transformative impact by removing transportation barriers, reducing stigma, and enabling more consistent engagement with care.

Valuation of Specific Codes

CalPERS and Covered California strongly support the proposed efficiency adjustment to intraservice time and work relative value units for non-time-based services such as procedures, diagnostic tests and radiology. These proposed adjustments correct the historic over-valuing of procedural services and tests, where efficiencies have been gained from technological advances. In parallel, the changes appropriately increase valuation of cognitive services such as those delivered by primary care where the diagnosis, management, and coordination of care occurs for patients with complex needs and multiple comorbidities. This rebalancing will allow for much needed increased investment in primary care, which should function as the cornerstone of our delivery system, and is one of the few areas of our delivery system where an increase correlates to lower costs, improved patient experience and health outcomes, and reduced hospitalizations.

Integrating Behavioral Health into Advanced Primary Care Management (APCM)

CalPERS and Covered California support further incentivizing the integration of behavioral health within primary care to promote a holistic patient care approach. Both

CalPERS and Covered California have strived to improve access to behavioral health and care coordination by promoting a collaborative care model and screenings for behavioral health services in primary care settings.[2] [3] We welcome the opportunity to partner with CMS and share our experience with this critical integration.

Given the already significant administrative burden providers face, we support the elimination of the time-based documentation requirements for Behavioral Health Integration (BHI) and Collaborative Care Model (CoCM) services. This proposed elimination would allow practitioners to seamlessly provide ACPM concurrently with BHI and CoCM, without the need for additional documentation and would allow for more innovative approaches, like brief interventions, digital behavioral health tools, and asynchronous communication. We also believe that removing these requirements may incentivize more providers to offer BHI and CoCM services. We encourage CMS to continue to examine ways to enhance the integration of behavioral health within advanced primary care.

As stated in our previous comments, these proposals continue to resonate with our goals of expanding high quality care through the promotion of Advanced Primary Care (APC). APC models improve population health, reduce disparities, strengthen clinician-patient relationships, lower costs, and enhance outcomes through early diagnoses, effective chronic disease management, and fewer late-stage interventions. Altogether, these outcomes result in a more sustainable health care system. That said, we reiterate our suggestion to extend unique reimbursement adjustments for APCM services to a wider provider base, such as community health settings, to enhance primary care access for populations. We also would appreciate insight into the implementation of the finalized codes.

Request For Information related to APCM and Prevention

CalPERS and Covered California believe that payment for APCM, including the management of chronic disease and prevention, should transition from a volume-based model to a value-based approach. We support the exploration of value-based APCM models that explicitly incorporate preventive screenings, vaccinations, lifestyle counseling, and early disease detection as core performance metrics. Additionally, to encourage early intervention, CMS should explore eliminating or significantly reducing cost sharing for all preventive services delivered under APCM arrangements that are evidence-based and high-value, particularly for populations with chronic conditions or elevated risk profiles. Aligning APCM models with value-based care and reducing financial barriers to high-value services will not only improve health outcomes for

[2] See Quality, Equity and Behavioral Health – An Update, July 2024, available at https://www.calpers.ca.gov/documents/202407-full-day-2-3-presentation-behavioral-health-update-ppt/download?inline

[3] See Healthcare Evidence Initiative (HEI) Measures, 2024, available at https://hbex.coveredca.com/data-research/plan-performance-reports/2024/Release%20Year%202024%20PPR%20-%20HEI%20Measures.pdf

Medicare beneficiaries but will also help ensure the long-term financial sustainability of the health care system.

Elimination of Payment for Social Determinants of Health Risk Assessment Services (HCPCS code G0136)

CalPERS and Covered California are concerned about CMS's proposal to delete HCPCS code G0136, which covers screenings and assessments for social determinants of health. Multiple studies have demonstrated that food, housing, and financial insecurity leads to worse outcomes, more acute care utilization, and higher costs.[4] Therefore screening for and managing these needs is an important aspect of effective delivery of care. The resource costs of such an intervention are not fully accounted for in existing codes (including, but not limited to Evaluation and Management (E/M) codes). If G0136 is eliminated, it will be more difficult for providers to help meet critical needs for patients. If an alternative approach is necessary, CMS could consider revising the service description and naming convention of G0136 rather than eliminating the code.

Drugs and Biological Products Paid Under Medicare Part B - Average Sales Price (ASP): Price Concessions and Bona Fide Service Fees (BFSF)

CalPERS supports holding drug manufacturers accountable to ensure that their ASP calculations are accurate and reflective of all required price concessions and believes the proposed changes will increase transparency and improve the integrity of Part B drug payments.

Reducing prescription drug prices is one of CalPERS' top priorities and we are optimistic that these proposals will improve affordability for our members by calculating coinsurance based on lower ASP amounts. CalPERS recommends that CMS extend these proposals to the Part D program to ensure consistent treatment of BFSF and further hold manufacturers responsible for appropriate drug price reporting.

Average Sales Price: Units Sold at Maximum Fair Price (MFP)

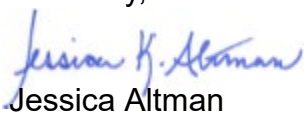
CalPERS appreciates the clarification that MFP will replace ASP in the quarterly payment files for drugs selected for negotiation under the Medicare Drug Price Negotiation Program. We support the federal government's efforts to negotiate drug prices in Medicare to improve prescription drug affordability.

We thank you for your consideration and we welcome the opportunity to work with you on our shared goals of improving health care affordability, quality, and efficiency for

[4] See Addressing Social Determinants of Health: Examples of Successful Evidence-Based Strategies and Current Federal Efforts - A Report, April 1, 2022, available at https://aspe.hhs.gov/sites/default/files/documents/e2b650cd64cf84aae8ff0fae7474af82/SDOH-Evidence-Review.pdf

Medicare beneficiaries. Please do not hesitate to contact Donald Moulds, CalPERS' Chief Health Director, at (916) 795-0404, or Danny Brown, Chief of CalPERS' Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,



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