OMFS Update for Physician and Non-Physician Practitioner Services

Attachment to Administrative Director Order dated December 23, 2024

Explanation of Changes

(Effective February 1, 2025)

# Data Sources

**CY 2025 Medicare Physician Fee Schedule Final Rule**

The Centers for Medicare and Medicaid Services’ (CMS) CY 2025 update to the Medicare physician fee schedule was published in the Federal Register on December 9, 2024 (89 Fed. Reg. 97710). It is entitled “Medicare and Medicaid Programs; CY 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–F.] Hereafter, the final rule will be referenced as “CY 2025 Medicare Physician Fee Schedule Final Rule, CMS-1784-F” or “Final Rule, CMS-1784-F”.

The [CY 2025 Medicare Physician Fee Schedule Final Rule, CMS-1807-F, and supporting download files](https://www.cms.gov/medicare/payment/fee-schedules/physician/federal-regulation-notices/cms-1807-f) are available on the CMS’ Physician Fee Schedule Federal Regulation Notices web page.

**Congressional Legislation**

The following congressional legislation impacts calculation of the workers’ compensation conversion factors as set forth in the text below due to the expiration of a temporary increase that was contained in the legislation.

[Consolidated Appropriations Act, 2024 (H.R. 4366)](https://www.congress.gov/bill/118th-congress/house-bill/4366/text?s=2&r=1&q=%7B%22search%22%3A%22h4366%22%7D) Public Law 118-42

# Revisions to title 8, California Code of Regulations Adopted by Update Order to Conform to Relevant Medicare Changes

**Title 8 CCR §9789.19 (Update Table):** A new subdivision (l) is added, adopting updates for services rendered on or after February 1, 2025, to conform to Medicare changes, as follows:

| **Document/Data** | **Services Rendered On or After February 1, 2025 & Mid-year Updates** |
| --- | --- |
| Adjustment Factors- Services Other than Anesthesia | Updated to include the relevant 2025 Medicare and Labor Code adjustment factors:  2025 RVU budget neutrality adjustment factor: 0.02% (1.0002) [89 Fed. Reg. 97110, 98500, Final Rule, CMS-1807-F, Table 108]  2025 Annual increase in the Medicare Economic Index (MEI): 3.5% (1.035) [CMS’ [Actual Regulation Market Basket Updates (ZIP)](https://www.cms.gov/files/zip/actual-regulation-market-basket-updates.zip); [Final Rule, CMS-1807-F](https://www.cms.gov/medicare/payment/fee-schedules/physician/federal-regulation-notices/cms-1807-f), 89 Fed. Reg. 97710, 97766]  [See detailed explanation set forth below this table.] |
| Adjustment Factors - Anesthesia | Updated to include the relevant 2025 Medicare and Labor Code adjustment factors:  2025 RVU budget neutrality adjustment factor: 0.02% (1.0002) [89 Fed. Reg. 97710, 98500, Final Rule, CMS-1807, Table 109]  2025 Anesthesia practice expense and malpractice adjustment factor: 0.65% (1.0065)  [89 Fed. Reg. 97710, 98500, Final Rule, CMS-1807, Table 109]  2025 Annual increase in the Medicare Economic Index (MEI): 3.5% (1.035) [CMS’ [Actual Regulation Market Basket Updates (ZIP)](https://www.cms.gov/files/zip/actual-regulation-market-basket-updates.zip); [Final Rule, CMS-1807-F](https://www.cms.gov/medicare/payment/fee-schedules/physician/federal-regulation-notices/cms-1807-f), 89 Fed. Reg. 97710, 97766]  [See detailed explanation set forth below this table.] |
| Anesthesia Base Units by CPT Code | The anesthesia base units are unchanged for 2025. [See CMS’ [Anesthesiologist Center](https://www.cms.gov/medicare/payment/fee-schedules/physician/anesthesiologists-center)] |
| California-Specific Codes | The maximum fee for each of these codes has been updated by the MEI 3.5% increase (1.035) pursuant to section 9789.12.14. |
| CMS’ Medicare National Physician Fee Schedule Relative Value File [ZIP] | Updated to the CMS’ 2025 RVU file:  RVU25A – Updated 12/06/2024 (ZIP). |
| Conversion Factor – Anesthesia (before GPCI adjustment)  Adjusted for MEI, Relative Value Scale adjustment factors (Budget Neutrality Adjustment and Anesthesia Fee Schedule Practice Expense and Malpractice Adjustment), and expiration of Consolidated Appropriations Act, 2024, temporary increase | Updated the base anesthesia conversion factor in accordance with Labor Code §5307.1, subdivision (g)(1)(A) and subdivision (c) of title 8, California Code of Regulations, § 9789.12.5.  The conversion factor is also calculated to account for the expiration of the temporary 2.93% increase in Medicare Physician Fee Schedule fees that was provided in the Consolidated Appropriations Act, 2024.  Application of the MEI, budget neutrality factors and elimination of the 2024 temporary 2.93% increase results in a base 2025 Anesthesia conversion factor of $29.9406.  The base 2025 Conversion Factor for anesthesia is further adjusted to calculate the 2025 GPCI-Adjusted Anesthesia Conversion Factors set forth in Section 9789.19.1 Table A Effective 2.1.2025. The GPCI-adjusted conversion factors in Table A are used in the formula to determine the maximum fees for services rendered in the specified localities.  [See detailed explanation set forth below this Update table.] |
| Conversion Factor – Services Other than Anesthesia  Adjusted for MEI, Relative Value Scale adjustment factor (Budget Neutrality Adjustment), and expiration of Consolidated Appropriations Act, 2024, temporary increase | Updated the conversion factor in accordance with Labor Code §5307.1, subdivision (g)(1)(A) and subdivision (c) of title 8, California Code of Regulations, § 9789.12.5.  The conversion factor is also calculated to account for the expiration of the temporary 2.93% increase in Medicare Physician Fee Schedule fees for CY 2024 that was provided in the Consolidated Appropriations Act, 2024.  Application of the MEI, budget neutrality factor and elimination of the 2024 temporary 2.93% increase results in a 2025 conversion factor for Services Other than Anesthesia of $48.79.  The 2025 Adjusted Conversion Factor for Services Other Than Anesthesia is the Conversion Factor used in the formulas to determine the maximum fees.  [See detailed explanation set forth below this table.] |
| Current Procedural Terminology (CPT®) | Updated to CPT® 2025. |
| Current Procedural Terminology  CPT codes that shall not be used | Unchanged from 2024. |
| Diagnostic Cardiovascular Procedure CPT codes subject to the MPPR | Updated to 2025. |
| Diagnostic Imaging Family Indicator Description | Updated to 2025. |
| Diagnostic Imaging Family Procedures Subject to the MPPR | Updated to 2025. |
| Diagnostic Imaging Multiple Procedures Subject to the MPPR | Updated to 2025. |
| DWC Pharmaceutical Fee Schedule | Sets forth reference to DWC pharmaceutical fee schedule web page, which is unchanged from 2024. |
| Geographic Practice Cost Index (GPCI) by locality (Other than anesthesia services) | Updated to 2025. Adopted and incorporated by reference specified columns of files from the 2025 CMS’ Medicare National Physician Fee Schedule Relative Value File RVU25A – Updated 12/06/2025 (ZIP):   * GPCI2025   [Based on Addendum E to CY 2025 Medicare Physician Fee Schedule Final Rule, CMS-1807-F which can be accessed in [CY 2025 PFS Final Rule Addenda (ZIP)](https://www.cms.gov/files/zip/cy-2025-pfs-final-rule-addenda.zip) on CMS website]   * 24LOCCO |
| Geographic Practice Cost Index (GPCIs) by locality and anesthesia shares (Anesthesia) | Although DWC uses the same California GPCI adjustments and Anesthesia shares as Medicare, the base CF for workers’ compensation is different. Therefore, DWC creates and adopts Table A for California locality-adjusted Anesthesia CFs.  Table A is updated to incorporate the Medicare 2025 locality GPCI adjustments and Medicare 2025 Anesthesia Shares as set forth on the document “Section 9789.19.1 Table A Effective 2.1.2025”, pursuant to title 8 CCR, section 9789.19.1.  Medicare data utilized is as follows.  GPCIs:  [RVU25A – Updated 12/06/2024 (ZIP)](https://www.cms.gov/files/zip/rvu25a-updated-12/06/2024.zip)  GPCI2025  Anesthesia Shares:  [2025 Anesthesia Conversion Factors (ZIP)](https://www.cms.gov/files/zip/2025-anesthesia-conversion-factors.zip)   * Anesthesia Shares excel sheet   Note that the California GPCI Work, GPCI Practice Expense, and GPCI Malpractice factors set forth in the 2025 Anesthesia Conversion Factors (ZIP) file in the excel document “Anesthesia CY 2025 locality adjusted CF with update factor 21OCT24”, on the excel sheet “Locality Adjusted CFs” are the same GPCI adjustments set forth for California in the RVU25A – Updated 12/06/2024 in the GPCI2025 document.  Locality for anesthesia services determined by Medicare county to locality index.  RVU25A – Updated 12/06/2024 (County to locality index)   * 25LOCCO |
| Geographic Practice Cost Index (GPCI) locality mapping  Zip Code files mapping zip codes to GPCI locality (for “other than anesthesia services” and anesthesia services) | Updated to the 2025 files.  The current [CMS Zip Code to Carrier Locality files](https://www.cms.gov/medicare/payment/fee-schedules) can be accessed on the CMS website. |
| Geographic Health Professional Shortage Area zip code data files | Updated to 2025 files for the Primary Care Geographic HPSA and the Mental Health Geographic HPSA. |
| Health Resources and Services Administration: Geographic HPSA shortage area query (By State & County) | Unchanged from 2024. Sets forth reference to the HRSA Geographic HPSA shortage area web page query by state/county. |
| Health Resources and Services Administration: Geographic HPSA shortage area query (By Address) | Unchanged from 2024. Sets forth reference to the HRSA Geographic HPSA shortage web page query by address. |
| Incident To Codes | Updated to 2025. |
| Medi-Cal Rates – DHCS | Updated for services rendered on or after February 1, 2025, use: Medi-Cal Rates file – Updated 1/15/2025. The Medi-Cal rates file will be updated monthly by Administrative Director’s posting order. Medi-Cal rates are updated as of the 15th of each month, posted to the Medi-Cal website on or about the 16th of each month, and posted to the DWC website as soon as feasible. |
| National Correct Coding Initiative (NCCI) Edits: Practitioner Services Medically Unlikely Edits (MUE) | Updated to adopt the 2025 MUE file, excluding all codes listed with Practitioner Services MUE Value of “0” (zero).” DWC has created and posted an excerpt of the file excluding the “zero” value codes for the convenience of the public. |
| National Correct Coding Initiative (NCCI) Edits:  National Correct Coding Initiative Policy Manual for Medicare Services | Updated to the CMS’ 2025 annual manual. |
| National Correct Coding Initiative (NCCI) Edits:  Practitioner Procedure to Procedure (PTP) Edits | Updated to 2025 “Practitioner PTP Edits, v310r0, Effective January 1, 2025; Posted 12/2/2024”. (Four ZIP files adopted for use for services on or after 2.1.2025.) |
| Ophthalmology Procedure CPT codes subject to the MPPR | Updated to 2025. |
| Physical Therapy Multiple Procedure Payment Reduction: “Always Therapy” Codes; and Acupuncture and Chiropractic Codes | Updated to 2025 Medicare list of “Always Therapy Codes”. In addition, retain the acupuncture codes and chiropractic manipulation codes, which are unchanged from 2024. |
| Physician Time | Updated to 2025. |
| Splints and Casting Supplies | Sets forth reference to the Durable Medical Equipment, Prosthetics, Orthotics, Supplies fee schedule applicable to the date of service; reference is unchanged from 2024. |
| Telehealth – Services Accessible Through Telehealth (using audio-video telecommunication method and audio only telecommunication method) | Updated to the Medicare Telehealth List for Calendar Year 2025.  Retain the cross-reference to section 9789.12.2, subdivision (d) which contains Place of Service Codes (POS).  Specify use of modifier 93 and modifier 95 in conformity with CMS-1807-F. |

**Adjustment Factors – Updating the Conversion Factors**

**Conversion Factor for Services Other than Anesthesia**

The 2025 conversion factor for services other than anesthesia is updated pursuant to Labor Code section 5307.1, subdivision (g)(1)(A) and title 8, CCR, section 9789.12.5, subdivision (c), to conform to relevant changes in the Medicare Physician Fee Schedule payment system as adopted in the Medicare Final Rule, CMS 1807-F, and in light of relevant federal legislation. The expiration of a temporary 2.93% increase that was provided in the federal [Consolidated Appropriations Act, 2024 (H.R. 4366)](https://www.congress.gov/bill/118th-congress/house-bill/4366/text?s=2&r=1&q=%7B%22search%22%3A%22h4366%22%7D) Public Law 118-42 impacts the calculation of the 2025 anesthesia conversion factor.

Labor Code section 5307.1, subdivision (g)(1)(A) states in part as follows:

(g) (1) (A) Notwithstanding any other law, the official medical fee schedule *shall be adjusted to conform to any relevant changes in the Medicare* and Medi-Cal payment systems no later than 60 days after the effective date of those changes, subject to the following provisions:

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(iii) The annual adjustment factor for physician services shall be based on the product of one plus the percentage change in the *Medicare Economic Index* and any *relative value scale adjustment factor*. [Emphasis added.]

Title 8, CCR, section 9789.12.5, subdivision (c) states:

“(c) For calendar year 2018, and annually thereafter, the Anesthesia conversion factor and the Other Services conversion factor in effect in the prior calendar year shall be updated by the Medicare Economic Index inflation rate and by the Relative Value Scale Adjustment Factor, if any.”

The 2025 annual increase in the Medicare Economic Index (MEI) is 3.5% (1.035). (CMS’ “[Actual Regulation Market Basket Updates (ZIP)](https://www.cms.gov/files/zip/actual-regulation-market-basket-updates.zip)”; [CMS-1807-F, 89 Fed. Reg. 97710, 97766](https://www.cms.gov/medicare/payment/fee-schedules/physician/federal-regulation-notices/cms-1807-f).) The MEI is an input price index that accounts for annual changes in the various resources involved in providing physician services.

The 2025 Relative Value Scale (RVS) adjustment factor for all services other than anesthesia is the Medicare CY 2025 RVU budget neutrality adjustment factor of 0.02 percent (1.0002). [CY 2025 Medicare Physician Fee Schedule Final Rule, CMS-1807-F, Table 108, 89 FR 97710 at 98500.]

The calculation of the 2025 Conversion Factor also takes into account the expiration of a temporary 2.93% increase that was adopted by the Consolidated Appropriations Act, 2024.

On March 9, 2024, the Consolidated Appropriations Act, 2024 (a federal budget act) was signed into law, which included a provision revising a component of the Medicare Physician Fee Schedule update for 2024 to include a 2.93% increase. CMS stated:

“On March 9, 2024, President Biden signed the Consolidated Appropriations Act, 2024, which included a 2.93 percent update to the CY 2024 Physician Fee Schedule (PFS) Conversion Factor (CF) for dates of service March 9 through December 31, 2024. This replaces the 1.25 percent update provided by the Consolidated Appropriations Act, 2023, therefore the CY 2024 CF for dates of service January 1 through March 8, 2024 is $32.74. CMS has implemented the new legislation by adjusting the CY 2023 CF of $33.07 by 2.93 percent and the budget neutrality adjustment for a CY 2024 CF of $33.29 for dates of service March 9 through December 31.”

CMS explained the calculation of the Medicare 2025 CF, accounting for the expiration of the temporary 2.93 increase, as follows:

“To calculate the estimated CY 2025 PFS conversion factor (CF), we took the CY 2024 conversion factor without the payment increase of 1.25 percent provided by the CAA, 2023 that applied to services furnished from January 1, 2024 through March 8, 2024, and the 2.93 percent payment increase provided by the CAA, 2024 that replaced the previous 1.25 percent increase and applies to services furnished from March 9, 2024 through December 31, 2024 and multiplied it by the budget neutrality adjustment required as described in the preceding paragraphs. We estimate the CY 2025 PFS CF to be 32.3465 which reflects a 0.02 percent positive budget neutrality adjustment required under section 1848(c)(2)(B)(ii)(II) of the Act, the 0.00 percent update adjustment factor specified under section 1848(d)(19) of the Act, and the removal of the temporary 2.93 percent payment increase for services furnished from March 9, 2024 through December 31, 2024, as provided in the CAA, 2024….”

[89 Federal Register 97710, 98499.]

CMS sets forth the calculation of the 2025 conversion factor for services other than anesthesia in table format in Table 108:

Table 108. This is the Table from the Medicare CY 2025 Final Rule showing calculation of the Medicare Anesthesia Conversion Factor. CY 2024 Conversion Factor was 33.2875. The 2024 Conversion Factor without the Consolidated Appropriations Act temporary 2.93 percent increase for 2024 was 32.3400. The CY 2025 Statutory Update Factor is zero. The CY 2025 Relative Value Unit Budget Neutrality Adjustment is positive 0.02 percent (1.0002). The CY 2025 Medicare Conversion Factor is 32.3465.

For workers’ compensation, the Division of Workers’ Compensation incorporated the 2.93% temporary increase (specified in the Consolidated Appropriations Act, 2024) into the conversion factor, effective beginning April 1, 2024. ([See OMFS Physician Fee Schedule Update Order and Explanation of Changes Effective April 1, 2024](https://www.dir.ca.gov/dwc/OMFS9904.htm#7).) In order to calculate the 2025 conversion factor, the expiration of the Consolidated Appropriations Act, 2024, temporary 2.93% must be taken into account when applying the update formula. Therefore, the first step in calculating the 2025 conversion factor is to calculate the 2024 conversion factor without the 2.93% increase.

The workers’ compensation CY 2024 conversion factor without the temporary one-year 2.93 percent payment increase provided by the Consolidated Appropriations Act, 2024 would have been $47.1284. This is calculated as follows:

$46.06 (2023 CF without expired 1-year 2.5% increase) \* 1.046 (2024 MEI) \* 0.9782 (2024 RVU Budget Neutrality Adjustment) = $ 47.1284

(See the [Explanation of Changes](https://www.dir.ca.gov/dwc/FeeSchedules/Physician/PhysicianFeeSchedule/PhysicianFeeSchedule2024/Explanation-april.docx), page 3, attached to the Administrative Director update [order effective April 1, 2024](https://www.dir.ca.gov/dwc/FeeSchedules/Physician/PhysicianFeeSchedule/PhysicianFeeSchedule2024/Orders/Order-April.docx), dated March 25, 2024, for Physician Fee Schedule 2024 update to conform to the Consolidated Appropriations Act, 2024.)

For workers’ compensation, the 2025 conversion factor for services other than anesthesia is updated from the 2024 conversion factor to include the relevant Medicare and Labor Code adjustments to account for:

* CY 2025 RVU budget neutrality adjustment [0.02 percent (1.0002)]
* CY 2025 Medicare Economic Index adjustment [3.5 percent increase (1.035)]

The workers’ compensation 2025 Conversion Factor (CF) for Services Other than Anesthesia is calculated as follows:

$47.1284 (2024 CF without CAA, 2024 temporary 2.93% increase) \* 1.0002 (CY 2025 RVU Budget Neutrality Adjustment) \* 1.035 (CY 2025 MEI) = **$ 48.7876**.

**Conversion Factor for Anesthesia Services**

The 2025 conversion factor for anesthesia services (before Geographic Practice Cost Index adjustment) is updated pursuant to Labor Code section 5307.1, subdivision (g)(1)(A) and title 8, CCR, section 9789.12.5, subdivision (c) to conform to relevant changes in the Medicare Physician Fee Schedule payment system as adopted in the Medicare Final Rule, CMS 1807-F, and in light of relevant federal legislation. The expiration of a temporary 2.93% increase that was provided in the federal [Consolidated Appropriations Act, 2024 (H.R. 4366)](https://www.congress.gov/bill/118th-congress/house-bill/4366/text?s=2&r=1&q=%7B%22search%22%3A%22h4366%22%7D) Public Law 118-42 impacts the calculation of the 2025 anesthesia conversion factor.

Labor Code section 5307.1, subdivision (g)(1)(A) states in part as follows:

(g) (1) (A) Notwithstanding any other law, the official medical fee schedule *shall be adjusted to conform to any relevant changes in the Medicare* and Medi-Cal payment systems no later than 60 days after the effective date of those changes, subject to the following provisions:

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(iii) The annual adjustment factor for physician services shall be based on the product of one plus the percentage change in the *Medicare Economic Index* and any *relative value scale adjustment factor*. [Emphasis added.]

Title 8, CCR, section 9789.12.5, subdivision (c) states:

“(c) For calendar year 2018, and annually thereafter, the Anesthesia conversion factor and the Other Services conversion factor in effect in the prior calendar year shall be updated by the Medicare Economic Index inflation rate and by the Relative Value Scale Adjustment Factor, if any.”

The 2025 annual increase in the Medicare Economic Index (MEI) is 3.5% (1.035). (CMS’ “[Actual Regulation Market Basket Updates (ZIP)](https://www.cms.gov/files/zip/actual-regulation-market-basket-updates.zip)”; CMS-1807-F, 89 Fed. Reg. 97710, 97766.) The MEI is an input price index that accounts for annual changes in the various resources involved in providing physician services.

The 2025 Relative Value Scale (RVS) adjustment factors for anesthesia services are the Medicare 2025 RVU budget neutrality adjustment 0.02 percent (1.0002) and the 2025 Anesthesia Fee Schedule Practice Expense and Malpractice Adjustment 0.65% (1.0065). [CY 2025 Medicare Physician Fee Schedule Final Rule, CMS-1807-F, Table 109, 89 FR 97710 at 98500.]

The calculation of the 2025 anesthesia Conversion Factor also takes into account the expiration of a temporary 2.93% increase that was adopted by the Consolidated Appropriations Act, 2024.

On March 9, 2024, the Consolidated Appropriations Act, 2024 (a federal budget act) was signed into law, which included a provision revising a component of the Medicare Physician Fee Schedule update for 2024. CMS stated:

“On March 9, 2024, President Biden signed the Consolidated Appropriations Act, 2024, which included a 2.93 percent update to the CY 2024 Physician Fee Schedule (PFS) Conversion Factor (CF) for dates of service March 9 through December 31, 2024. This replaces the 1.25 percent update provided by the Consolidated Appropriations Act, 2023, therefore the CY 2024 CF for dates of service January 1 through March 8, 2024 is $32.74. CMS has implemented the new legislation by adjusting the CY 2023 CF of $33.07 by 2.93 percent and the budget neutrality adjustment for a CY 2024 CF of $33.29 for dates of service March 9 through December 31.”

CMS explained the calculation of the Medicare 2025 CF as follows:

“To calculate the estimated CY 2025 PFS conversion factor (CF), we took the CY 2024 conversion factor without the payment increase of 1.25 percent provided by the CAA, 2023 that applied to services furnished from January 1, 2024 through March 8, 2024, and the 2.93 percent payment increase provided by the CAA, 2024 that replaced the previous 1.25 percent increase and applies to services furnished from March 9, 2024 through December 31, 2024 and multiplied it by the budget neutrality adjustment required as described in the preceding paragraphs. We estimate the CY 2025 PFS CF to be 32.3465 which reflects a 0.02 percent positive budget neutrality adjustment required under section 1848(c)(2)(B)(ii)(II) of the Act, the 0.00 percent update adjustment factor specified under section 1848(d)(19) of the Act, and the removal of the temporary 2.93 percent payment increase for services furnished from March 9, 2024 through December 31, 2024, as provided in the CAA, 2024. We estimate the CY 2025 anesthesia CF to be 20.3178, reflecting the same overall PFS adjustments with the addition of anesthesia-specific PE and MP adjustments.”

[89 Federal Register 97710, 98499.]

CMS sets forth the calculation of the anesthesia conversion factor in table format in Table 109:

Table 109. This is the Table from the Medicare CY 2025 Final Rule showing calculation of the Medicare Anesthesia Conversion Factor. CY 2024 National Average Anesthesia Conversion Factor was 20.7739. The 2024 Conversion Factor without the Consolidated Appropriations Act temporary 2.93 percent increase for 2024 was 20.1826. The CY 2025 Statutory Update Factor is zero. The CY 2025 Relative Value Unit Budget Neutrality Adjustment is positive 0.02 percent (1.0002). CY 2025 Anesthesia Fee Schedule Practice Expense and Malpractice Adjustment is 0.65 percent (1.0065).  The CY 2025 Medicare Conversion Factor for anesthesia is 20.3178.

[89 Federal Register 97710, 98500]

(The Medicare Physician Fee Schedule Anesthesia Conversion Factor of 20.3178 (before locality adjustments) and locality-adjusted Conversion Factors are set forth in Medicare’s file [2025 Anesthesia Conversion Factors (ZIP)](https://www.cms.gov/files/zip/2025-anesthesia-conversion-factors.zip), “Anesthesia CY 2025 locality adjusted CF with update factor 21OCT24”.)

For workers’ compensation, the Division of Workers’ Compensation incorporated the 2.93% temporary increase (specified in the Consolidated Appropriations Act, 2024) into the anesthesia conversion factor, effective beginning April 1, 2024. ([See OMFS Physician Fee Schedule Update Order and Explanation of Changes Effective April 1, 2024](https://www.dir.ca.gov/dwc/OMFS9904.htm#7).) In order to calculate the 2025 Conversion Factor, the expiration of the Consolidated Appropriation Act, 2024, temporary 2.93% increase must be taken into account when applying the update formula. Therefore, the first step in calculating the 2025 anesthesia conversion factor is to calculate what the 2024 anesthesia conversion factor would have been without the 2.93% increase.

The workers’ compensation CY 2024 anesthesia conversion factor without the temporary one-year 2.93 percent payment increase provided by the Consolidated Appropriations Act, 2024 was $28.7356. This is calculated as follows:

$28.0533 (2023 CF without CAA, 2023 one-year 2.50% increase) \* 1.046 (CY 2024 MEI) \* 0.9782 (CY 2024 RVU Budget Neutrality Adjustment) \* 1.0011 (CY 2024 Anesthesia Fee Schedule Practice Expense and Malpractice Adjustment) = $ 28.7356.

(See the [Explanation of Changes](https://www.dir.ca.gov/dwc/FeeSchedules/Physician/PhysicianFeeSchedule/PhysicianFeeSchedule2024/Explanation-april.docx), page 4, attached to the Administrative Director update [order effective April 1, 2024](https://www.dir.ca.gov/dwc/FeeSchedules/Physician/PhysicianFeeSchedule/PhysicianFeeSchedule2024/Orders/Order-April.docx), dated March 25, 2024, page 4, for Physician Fee Schedule 2024 update to conform to the Consolidated Appropriations Act, 2024.)

For workers’ compensation, the 2025 Anesthesia Services Conversion Factor (before Geographic Practice Cost Index adjustments) includes the relevant Medicare and Labor Code adjustments to account for:

* CY 2025 RVU budget neutrality adjustment [0.02 percent (1.0002)]
* CY 2025 Anesthesia Fee Schedule Practice Expense and Malpractice Adjustment [0.65 percent (1.0065) increase]
* CY 2025 Medicare Economic Index adjustment [3.5 percent increase (1.035)]

The workers’ compensation 2025 Conversion Factor (CF) for Anesthesia Services (before Geographic Practice Cost Index adjustment) is calculated as follows:

$28.7356 (2024 CF without CAA, 2024 temporary 2.93% increase) \* 1.0002 (CY 2025 RVU Budget Neutrality Adjustment) \* 1.0065 (CY 2025 Anesthesia Fee Schedule Practice Expense and Malpractice Adjustment) \* 1.035 (CY 2025 MEI) = **$ 29.9406**.

The workers’ compensation base conversion factor of $29.9406 is used to calculate the GPCI-adjusted Conversion Factor for each locality as set forth in Section 9789.19.1 Table A Effective for Services 2/1/2025.

**Title 8, CCR § 9789.19.1 (Anesthesia Conversion Factors)**

**GPCI-Adjusted Conversion Factors for Anesthesia Services – Section 9789.19.1 Table A for services on or after February 1, 2025**

For anesthesia services the Geographic Practice Cost Index (GPCI) adjustments are incorporated into the anesthesia conversion factors. Table A adopted and incorporated by reference pursuant to section 9789.19.1 contains the anesthesia conversion factors adjusted by Medicare locality GPCIs and anesthesia shares for anesthesia services rendered on or after February 1, 2025. The base workers' compensation 2025 Anesthesia Conversion Factor is $29.9406, which includes the adjustments for Medicare Economic Index inflation rate, and the Relative Value Scale Adjustment factors (RVU Budget Neutrality Adjustment and Anesthesia Fee Schedule Practice Expense and Malpractice Adjustment). The 2025 Medicare Anesthesia Shares are applied to the Work GPCI, Practice Expense GPCI, and Malpractice GPCI to derive the GPCI-Adjusted Anesthesia conversion factors by locality. The formula is as follows:

[(Work GPCI by locality\*Anesthesia Work Share) + (Practice Expense GPCI by locality\*Anesthesia Practice Expense Share) + (Malpractice GPCI by locality\*Anesthesia Malpractice Share)] \* Anesthesia Conversion Factor

The 2025 Work GPCI, 2025 Practice Expense GPCI, 2025 Malpractice GPCI are set forth in the RVU25A zip file updated 12/06/2024 in the excel document “GPCI2025” and are also contained in the 2025 Anesthesia Conversion Factors [ZIP] within the excel document “Anesthesia CY 2025 locality adjusted CF with update factor 21OCT24”.

The anesthesia shares are obtained from the Medicare anesthesia excel document “Anesthesia CY 2025 locality adjusted CF with update factor 21OCT24” within [2025 Anesthesia Conversion Factors (ZIP)](https://www.cms.gov/files/zip/2025-anesthesia-conversion-factors.zip) adopted pursuant to the Medicare Physician Fee Schedule Final Rule, CMS-1807-F.

The anesthesia shares for 2025 are as follows.

| **Work** | **Practice Expense** | **Malpractice Expense** |
| --- | --- | --- |
| 0.769 | 0.166 | 0.065 |

End of Explanation of Changes