

Physician Fee Schedule Final Rule: E&M Work RVU Weight Changes

Analysis of Impact
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Speaker Contact Information



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Topics Covered

- Summary of changes related to OP E/M codes
 - Correlating wRVU values
 - Documentation requirements/qualifiers
 - Reimbursement
- Industry response
- Impact of changes
 - Process for projecting impact
 - wRVUs
 - Reimbursement
 - Provider compensation
- Recommended strategies and next steps

Summary of Changes



- Effective January 1, 2021
- Impacts outpatient E/M codes for Medicare/Medicaid
 - Commercial insurance response unknown at this time
- 99201 is being eliminated completely
- Documentation requirements are no longer based on a scoring system
- Addition of two “G Codes” to supplement existing OP E/M codes
- Reimbursement “conversion factor” is being reduced by 10.2%
 - Adjustment achieves budget neutrality with the changes in RVU values

OP E/M codes and correlating wRVU values



CMS wRVU Changes for 2021			
Code	2020	2021	% Increase
New Patient			
Visit	wRVUs		Percent
99201	0.48		0%
99202	0.93	0.93	0%
99203	1.42	1.60	13%
99204	2.43	2.60	7%
99205	3.17	3.50	10%
Established Patient			
Visit	wRVUs		Percent
99211	0.18	0.18	0%
99212	0.48	0.70	46%
99213	0.97	1.30	34%
99214	1.50	1.92	28%
99215	2.11	2.80	33%

CMS New Codes for 2021	
Code	wRVU Value
G2211	0.33
G2212	0.61

← Most commonly billed among OP E/M codes

OP E/M codes and correlating wRVU values



- New rule includes the addition of G codes to account for level of complexity or additional time
 - G2211 referred to as the “visit complexity” add on
 - Utilized when there is ongoing care related to a patient’s single, serious, or complex condition
 - G2212 is to be used for prolonged office visits
 - Each additional 15 minutes beyond the maximum required time, can be with or without direct patient contact
- Applicability of these codes and anticipated frequency of use is widely debated among professional organizations
- Individual guidance should be sought from your billing and/or compliance department

Documentation Requirements Continued



- New guidelines promote focus on medical decision making (MDM) and the number of self limited, acute and/or chronic conditions
- Official direction on documentation guidelines should be provided by your organization's compliance or billing department

2021 Requirements					
New and Established Patients					
		Level 2	Level 3	Level 4	Level 5
Medial Necessity	Acute Condition	Uncomplicated	Uncomplicated	Complicated	Threat
	Chronic Condition	None	Stable	Exacerbated or Multiple Stable	Severe Exacerbated
Documentation Requirements	HPI	Not Applicable			
	ROS				
	PFSH				
	Exam				
	MDM	Straightforward	Low	Moderate	High

OR

2021 Time Requirements			
New Patients		Established Patients	
Code	Total Minutes	Code	Total Minutes
99202	15-29	99212	10-19
99203	30-44	99213	20-29
99204	45-59	99214	30-39
99205	60-74	99215	40-54

CMS Reimbursement



- The reimbursement per RVU is being adjusted for 2021
 - The budget neutrality adjustment, as required by law, accounts for changes in RVUs including significant increases for E/M visit codes
 - CY 2021 PFS conversion factor is **\$32.41**, a decrease of \$3.68 from the CY 2020 PFS conversion factor of \$36.09.
 - Represents 10.2% reduction in reimbursement

$$\begin{aligned} & (\text{Work RVUs} \times \text{Work GPCI}) \\ & + \\ & (\text{Practice Expense RVUs} \times \text{Practice Expense GPCI}) \\ & + \\ & \underline{(\text{Malpractice RVUs} \times \text{Malpractice GPCI})} \\ & \text{Total RVU} \end{aligned}$$



$$\text{Total RVU} \times \text{Conversion Factor} = \text{Medicare Allowable Payment}$$



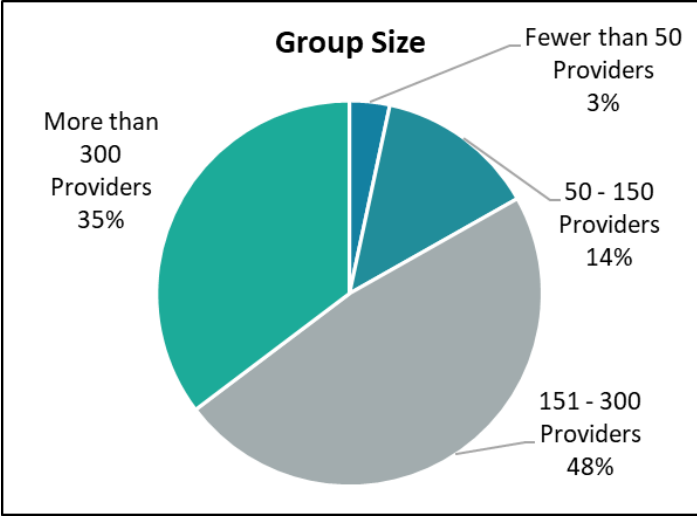
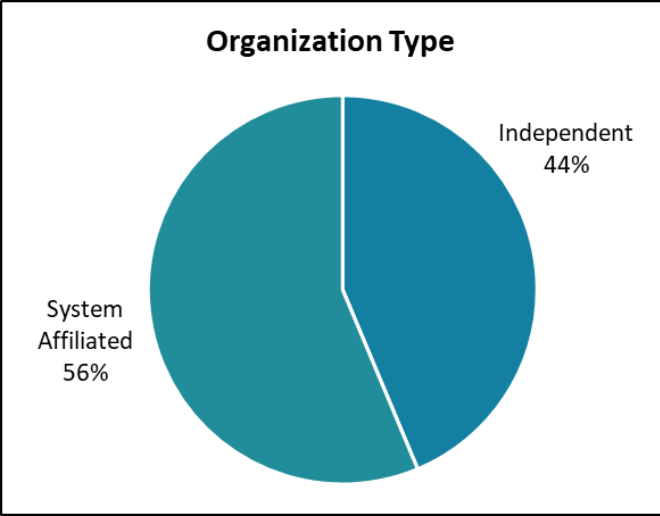
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Industry Response

Online Survey Results



Overall "n" = 120 respondents



Online Survey Results Continued



Question 1: Percent	Overall	Type	
If the E&M changes are enacted by CMS, how will your commercial payers respond:	All	Independent	System Affiliated
All of our commercial payers will likely follow CMS's lead	19.3%	25.5%	14.9%
Most of our commercial payers will likely follow CMS's lead	37.8%	33.3%	40.3%
Some of our commercial payers will likely follow CMS's lead	11.8%	9.8%	13.4%
Few or none of our commercial payers will likely follow CMS's lead	0.8%	0.0%	1.5%
Uncertain how commercial payers will respond	30.3%	31.4%	29.9%

Question 2: Percent	Overall	Type	
How are your non-Medicare payer fee schedules constructed?	All	Independent	System Affiliated
Most built upon % of Medicare	58.8%	72.5%	49.3%
Most built upon wRVU conversion factors	16.8%	7.8%	23.9%
Most built on a per code rate	13.4%	7.8%	16.4%
Combo of the above	10.9%	11.8%	10.4%

There is uncertainty on how commercial payors will respond; however, it is expected most will follow CMS's lead (eventually).

Online Survey Results Continued



Question 3: Percent	Overall
Which preparations has your organization taken regarding the potential changes in the proposed rule (choose all that apply):	All
None or very little action / waiting for the final rule before taking any action	6.7%
We have discussed the potential changes among leadership	25.9%
We have discussed the potential changes with physicians/providers	16.3%
We have calculated the specialty/physician-level compensation changes anticipated	14.5%
We have considered the impact on medical group reimbursement under the proposal rule	19.2%
We have discussed potential changes to our physician compensation model(s) in response to the proposed rule	16.3%
Other	1.2%

Results suggest that many groups still have work to do to understand the operational and financial implications of these changes.

Online Survey Results Continued



Question 4: Percent	Overall
Is your organization (per your employment agreements) automatically allowed to make adjustments to physician compensation to mitigate the potential impacts of work RVU or reimbursement conversion factor changes?	All
Yes	38.3%
No	40.8%
Some	20.8%

Several respondents commented that they worked through their compensation committees to **maintain 2020 wRVU weights and conversion factors for another year.**

Question 4.1: Percent	Overall
If you answered “no” or “some” in the previous question, which of the following might you consider? Check all options that apply.	All
Requesting physicians voluntarily renegotiate compensation formula(s) before January 1, 2021, to minimize the financial impact on the group overall	15.9%
Offering a modest one-time bonus as an incentive to agree to a change in the compensation per work RVU to manage budget impact for the group	3.2%
Including language in all future employment agreements that CMS work RVU weight or reimbursement conversion factor changes will trigger contract re-negotiation (or will be neutralized)	34.9%
Other	46.0%

Some smaller groups use net collections models which will not be impacted the same way.

Online Survey Results



	Overall
To what degree are physicians/providers in your medical group aware of the potential changes proposed in the final rule?	All
Essentially no awareness	10.0%
Limited awareness	46.7%
Moderate awareness	35.0%
Strong awareness	8.3%



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Impact of Changes

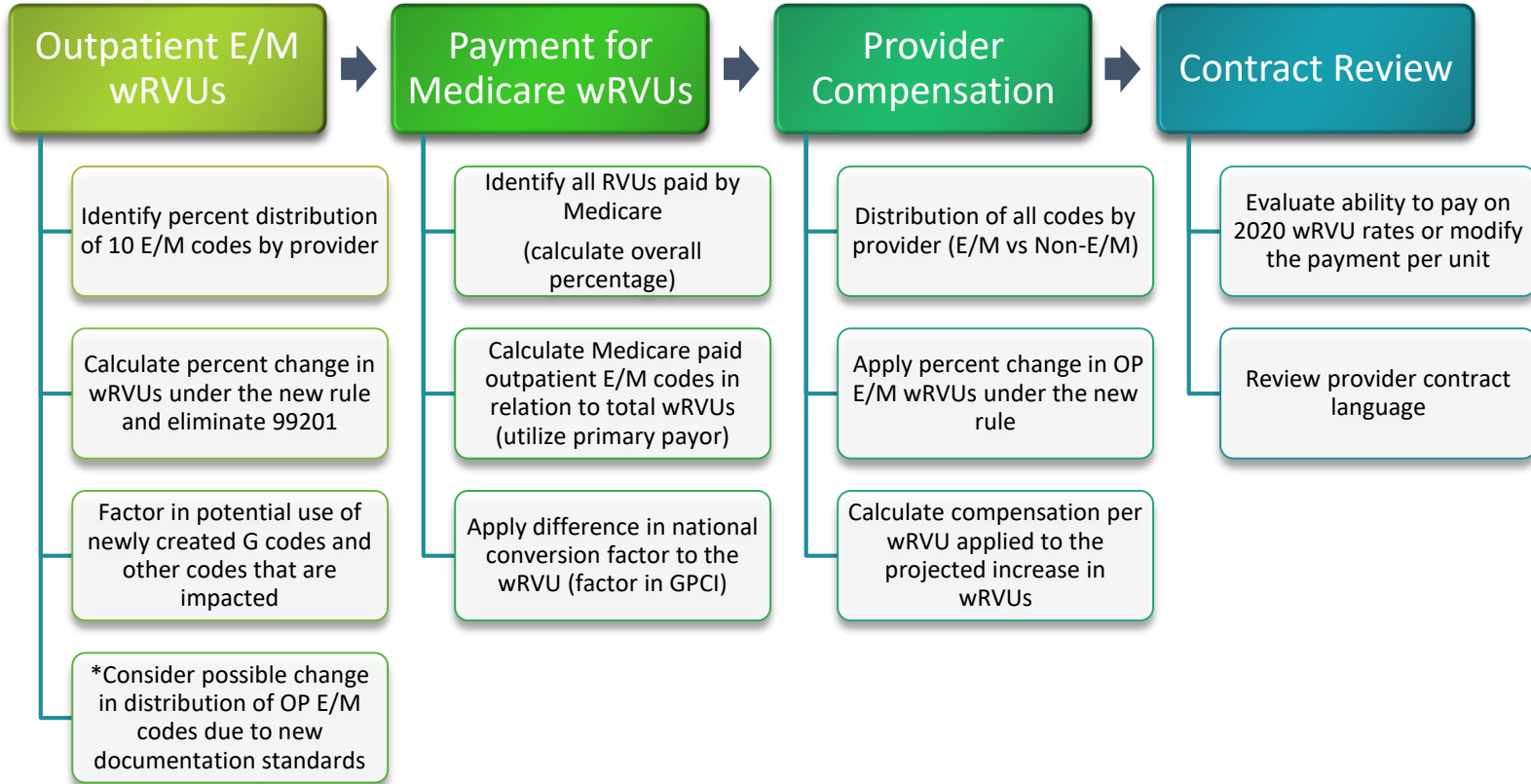
Factors Impacting Analysis

- Focus of the analysis is to anticipate the impact of the change in **wRVU only**
- Changes in the practice expense and malpractice components of the RVU take place annually but are not part of this analysis

Assumptions:

- RVU changes will be adopted by commercial payors
- Services billed as 99201 will meet requirements for 99202 in 2021
- No adjustments for geographic practice cost index (GPCI)

Analysis Process



Sample Analysis and Outputs



Distribution of OP E/M codes for a mid-sized provider organization shows 99213 and 99214 are most frequently billed.

Outpatient E/M Code Distribution (Percent of Total Billed OP E/M Codes)										
	99201	99202	99203	99204	99205	99211	99212	99213	99214	99215
% Increase in wRVU Value in 2021	X	0%	13%	7%	10%	0%	46%	34%	28%	33%
Primary Care	0%	1%	3%	3%	0%	0%	1%	21%	67%	5%
Medical Specialties	0%	2%	5%	17%	2%	0%	0%	15%	54%	5%
Surgical Specialties	0%	2%	17%	14%	0%	0%	4%	33%	30%	1%

Sample Analysis and Outputs Continued



Outpatient E/M wRVUs compromise the majority of codes generated for primary care and medical specialty providers.

Outpatient E/M Codes as a % of Total wRVUs	
Internal Medicine	61%
Allergy/Immunology	64%
General Surgery	29%

% Increase in Outpatient E/M wRVUs under 2021 Rule	
Internal Medicine	28%
Allergy/Immunology	22%
General Surgery	20%



Sample Analysis Impact						
	2020 wRVU weights			2021 wRVU weights		
	Total wRVUs	OP E/M wRVUs	Other wRVUs	Total wRVUs	OP E/M wRVUs	Other wRVUs
Internal Medicine Sample Doctor	4,986	3,041	1,945	5,838	3,893	1,945
Allergy/Immunology Sample Doctor	4,571	2,925	1,646	5,215	3,569	1,646
General Surgery Sample Doctor	6,861	1,990	4,871	7,259	2,388	4,871

↑
AMGA Production
50th %ile for all

↑
AMGA Production
71st %ile
60th %ile
55th %ile

*Percentiles are based on 2020 national survey data

Sample Analysis and Outputs Continued



If physicians are paid at AMGA National median compensation per wRVU in each scenario the increase in compensation is significant.

Sample Analysis Impact						
	2020 wRVU weights			2021 wRVU weights		
	Total wRVUs	Median Comp per wRVU	Total Comp	Total wRVUs	Median Comp per wRVU	Total Comp
Internal Medicine Sample Doctor	4,986	\$57.08	\$284,601	5,838	\$57.08	\$333,233
Allergy/Immunology Sample Doctor	4,571	\$77.47	\$354,115	5,215	\$77.47	\$404,006
General Surgery Sample Doctor	6,861	\$67.58	\$463,666	7,259	\$67.58	\$490,563

Percent increase in compensation:
IM: 17%
Allergy: 14%
Gen Surg: 6%

Recommended Strategies and Next Steps



- Analyze the financial impact of these changes on your organization
 - Tiered compensation plans will be impacted
 - Review your payment per wRVU
- Determine your best option(s) for moving forward
 - Maintain payment based on 2020 values
 - Adopt 2021 values and decrease payment per unit accordingly
- Validate your best options with legal/compliance
- Educate leaders and physicians/providers on the changes that need to occur
- Manage the change management process



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Questions?

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Physician and Provider Compensation

- Compensation Plan Design
- Fair Market Value Opinion
- PSA Negotiation

Operations Performance

- Practice Optimization
- Revenue Cycle

Strategy and Organization Development

- Strategy and Business Model Development
- Change Management



Market Surveys

- Provider Compensation and Productivity
- Operations and Finance
- Recruitment and Retention

Satisfaction Surveys

- Provider Satisfaction
- Employee Satisfaction

Education and Networking

- Conferences
- Regional Meetings
- Retreat Planning and Facilitation