

## CMS ISSUES PHYSICIAN FEE SCHEDULE & PAYMENT REGULATIONS FOR CY 2021

### OBSERVATIONS FOR CONSIDERATION

The Centers for Medicare and Medicaid Services (CMS) published the 2021 Medicare Physician Fee Schedule [Final Rule] in the Federal Register on December 28, 2020. The Final Rule addresses Medicare payment and quality provisions for physicians in 2021.

The impact of the Final Rule on provider compensation and compensation plans may be substantial, depending upon the relationship between individual provider wRVUs and compensation formulae, particularly so for compensation plans structured upon and directly linked to wRVU production-based models.

#### Conversation Factor Change

Providers will experience a decrease in the PFS Conversion Factor effective on January 1, 2021, changing from \$36.09 to \$32.41. The impact on provider compensation varies across the medical specialties with primary care specialties gaining wRVU value and specialty care providers remaining neutral or losing value generally.

**TABLE 104: Calculation of the CY 2021 PFS Conversion Factor**

CY 2020 Conversion Factor		36.0896
Statutory Update Factor	0.00 percent (1.0000)	
CY 2021 RVU Budget Neutrality Adjustment	-10.20 percent (0.8980)	
<b>CY 2021 Conversion Factor</b>		<b>32.4085</b>

#### Evaluation & Management Services (E/M Codes)

Under the Final Rule, primary care specialties will see an increase in Total Allowed Charges [payments] ranging on average from a 13% increase for family medicine, a 7% increase for general practice, a 7% increase for obstetrics/gynecology to a 4% increase for internal medicine providers. According to the AAFP, this represents the largest increase in primary care reimbursement in decades. This outcome is due to changes in the wRVU values for E/M codes.

#### Specialty Care Providers

CMS estimates the Final Rule will increase Total Allowed Charges [payments] to some select specialty care providers (e.g., cardiologists by 1% and neurology by 6%) yet, more broadly, CMS estimates decrease payments for specialty care providers (e.g., general surgery by -6%, critical care by -7%, vascular surgery by -6%, and pathology by -9%). The estimates are based on impact to specialty care groups overall. Actual variations may be different depending on the mix of services provided by a particular medical provider

and group practice. See below table as published in the Final Rule, which presents a summary of estimated impact on Total Allowed Charges by specialty, sorted from high impact to low impact, gaining to declining rank order.

**TABLE 106: CY2021 PFS Estimated Impact on Total Allowed Charges by Specialty**

	(A) Specialty (mil)	(B) Allowed Charges (mil)	(C) Impact of Work RVU Changes	(D) Impact of PE RVU	(E) Impact of MP RVU	(F) Combined Impact
Gaining Specialties	ENDOCRINOLOGY	\$508	10%	5%	1%	16%
	RHEUMATOLOGY	\$548	10%	5%	1%	15%
	HEMATOLOGY / ONCOLOGY	\$1,707	8%	5%	1%	14%
	FAMILY PRACTICE	\$6,020	8%	4%	0%	13%
	ALLERGY / IMMUNOLOGY	\$247	5%	4%	0%	9%
	PHYSICIAN ASSISTANT	\$2,901	5%	2%	0%	8%
	UROLOGY	\$1,810	4%	4%	0%	8%
	GENERAL PRACTICE	\$412	5%	2%	0%	7%
	INTERVENTIONAL PAIN MGMT	\$936	3%	3%	0%	7%
	NURSE PRACTITIONER	\$5,100	5%	3%	0%	7%
	OBSTETRICS / GYNECOLOGY	\$636	4%	3%	0%	7%
	OTOLARNGOLOGY	\$1,271	4%	3%	0%	7%
	PSYCHIATRY	\$1,112	4%	3%	0%	7%
	NEPHROLOGY	\$2,225	4%	2%	0%	6%
	NEUROLOGY	\$1,522	3%	2%	0%	6%
	PEDIATRICS	\$67	4%	2%	0%	6%
	INTERNAL MEDICINE	\$10,730	2%	1%	0%	4%
	GERIATRICS	\$192	1%	1%	0%	3%
	CARDIOLOGY	\$6,871	1%	0%	0%	1%
	CLINICAL SOCIAL WORKER	\$857	0%	1%	0%	1%
PULMONARY DISEASE	\$1,654	0%	0%	0%	1%	
CLINICAL PSYCHOLOGIST	\$832	0%	0%	0%	0%	
Declining Specialties	DERMATOLOGY	\$3,767	-1%	0%	0%	-1%
	PODIATRY	\$2,133	-1%	0%	0%	-1%
	DIAGNOSTIC TESTING FACILITY	\$748	-1%	-2%	0%	-3%
	HAND SURGERY	\$246	-2%	-1%	0%	-3%
	MULTISPECIALTY CLINIC / OTHER PHYS	\$153	-3%	-1%	0%	-3%
	PHYSICAL MEDICINE	\$1,164	-3%	0%	0%	-3%
	GASTROENTEROLOGY	\$1,757	-3%	-1%	0%	-4%
	INFECTIOUS DISEASE	\$656	-4%	-1%	0%	-4%
	OPTOMETRY	\$1,359	-2%	-2%	0%	-4%
	ORAL / MAXILLOFACIAL SURGERY	\$79	-2%	-2%	0%	-4%
	ORTHOPEDIC SURGERY	\$3,812	-3%	-1%	0%	-4%
	COLON AND RECTAL SURGERY	\$168	-4%	-1%	0%	-5%
	INDEPENDENT LABORATORY	\$645	-3%	-2%	0%	-5%
	OTHER	\$48	-3%	-2%	0%	-5%
	RADIATION ONCOLOGY AND RADIATION THERAPY CENTERS	\$1,809	-3%	-3%	0%	-5%
	AUDIOLOGIST	\$75	-4%	-2%	0%	-6%
	EMERGENCY MEDICINE	\$3,077	-5%	-1%	0%	-6%
	GENERAL SURGERY	\$2,057	-4%	-2%	0%	-6%
	NEUROSURGERY	\$811	-4%	-2%	-1%	-6%
	OPHTHALMOLOGY	\$5,343	-4%	-2%	0%	-6%
	PORTABLE X-RAY SUPPLIER	\$95	-2%	-4%	0%	-6%
	VASCULAR SURGERY	\$1,293	-2%	-4%	0%	-6%
	CRITICAL CARE	\$378	-6%	-1%	0%	-7%
	PLASTIC SURGERY	\$382	-4%	-3%	0%	-7%
	ANESTHESIOLOGY	\$2,020	-6%	-1%	0%	-8%
	CARDIAC SURGERY	\$266	-5%	-2%	0%	-8%
	INTERVENTIONAL RADIOLOGY	\$499	-3%	-5%	0%	-8%
	NUCLEAR MEDICINE	\$56	-5%	-3%	0%	-8%
	THORACIC SURGERY	\$352	-5%	-2%	0%	-8%
	PATHOLOGY	\$1,265	-5%	-4%	0%	-9%
PHYSICAL / OCCUPATIONAL THERAPY	\$4,973	-4%	-4%	0%	-9%	
CHIROPRACTOR	\$765	-7%	-3%	0%	-10%	
NURSE ANES / ANES ASST	\$1,321	-9%	-1%	0%	-10%	
RADIOLOGY	\$5,275	-6%	-4%	0%	-10%	
<b>TOTAL</b>		<b>\$97,005</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

\* Column F may not equal the sum of columns C, D, and E due to rounding.

Reprinted table: CMS Issues Physician Fee Schedule & Payment Regulations for CY 2021.  
<https://public-inspection.federalregister.gov/2020-26815.pdf>

**TABLE 106: CY 2021 PFS Estimated Impact on Total Allowed Charges by Specialty**

(A) Specialty	(B) Allowed Charges (mil)	(C) Impact of Work RVU Changes	(D) Impact of PE RVU Changes	(E) Impact of MP RVU Changes	(F) Combined Impact
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<b>TOTAL</b>	<b>\$97,008</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

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## Impact on Hospital Systems and Multi-Specialty Organizations

Hospital systems and multi-specialty organizations with employed physicians and APCs (advance practice clinicians) in large organized medical groups may experience unbudgeted fluctuations in financial performance depending upon how provider employment contracts are structured, including how employment contracts are “indexed” to CMS wRVU tables and/or changes in Conversion Factor values. These variations may create fair market value and commercial reasonableness questions due to resulting changes in compensation.

## References and Source Readings

See the following references for additional information. The references include CMS publications, publications from certain professional specialty associations, and publications released by the California Hospital Association and California Health Care Foundation.

### **Center for Medicare and Medicaid Services**

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched>

<https://www.cms.gov/newsroom/fact-sheets/final-policy-payment-and-quality-provisions-changes-medicare-physician-fee-schedule-calendar-year-1>

<https://www.federalregister.gov/documents/2020/12/28/2020-26815/medicare-program-cy-2021-payment-policies-under-the-physician-fee-schedule-and-other-changes-to-part>

<https://public-inspection.federalregister.gov/2020-26815.pdf>

### **American Academy of Family Practice**

<https://www.aafp.org/news/practice-professional-issues/20201210mpfsummary.html>

### **American College of Cardiology**

<https://www.acc.org/latest-in-cardiology/articles/2020/12/02/16/48/cms-releases-2021-medicare-physician-fee-schedule-final-rule>

## California Hospital Association and California Health Care Foundation

<https://www.calhospital.org/cha-news-article/cms-issues-final-physician-payment-regulations-2021>

<https://www.cchpca.org/sites/default/files/2020-12/CY%202021%20Medicare%20Physician%20Fee%20Schedule.pdf>

### **Summary of Final Rule - Centers for Medicare & Medicaid Services (CMS), Health and Human Services (HHS)**

This major final rule addresses the following items:

- Changes to the physician fee schedule (PFS)
- Other changes to Medicare Part B payment policies to ensure that payment systems are updated to reflect changes in medical practice, relative value of services, and changes in the statute
- Medicare Shared Savings Program requirements
- Medicaid Promoting Interoperability Program requirements for Eligible Professionals; updates to the Quality Payment Program
- Medicare coverage of opioid use disorder services furnished by opioid treatment programs
- Medicare enrollment of Opioid Treatment Programs
- Payment for office/outpatient evaluation and management services
- Requirement for Electronic Prescribing for Controlled Substances for a Covered Part D drug under a prescription drug plan or an MA-PD plan and Medicare Diabetes Prevention Program (MDPP) expanded model Emergency Policy.

This final rule also finalizes certain provisions of the interim final rules with comment period that CMS issued on March 31, 2020, May 8, 2020 and September 2, 2020 in response to the Public Health Emergency (PHE) for the Coronavirus Disease 2019 (COVID-19). This rule also establishes coding and payment for virtual check-in services and for personal protective equipment (PPE) on an interim final basis.

Source: <https://www.federalregister.gov/documents/2020/12/28/2020-26815/medicare-program-cy-2021-payment-policies-under-the-physician-fee-schedule-and-other-changes-to-part>

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