

## Impact on Physician Compensation Plans

CMS is proposing several Physician Fee Schedule (PFS) changes in 2021, including significant increases in RVUs for E&M services. However, because of budget neutrality legislation, **these increases are coupled with an 11% reduction in the Medicare Conversion Factor**. Hospitals and health systems risk potential exposure related to **RVU-based physician compensation plans for both employed and non-employed physicians**.

Without careful planning and changes to compensation plans, healthcare organizations may be in the position of **overcompensating physicians** who are “E&M-centric” for significantly higher productivity **but with marginally less reimbursement**. Similarly, for procedure-based specialties, organizations risk exposure should compensation plans contain revenue guarantees, **creating the need to subsidize physicians**.

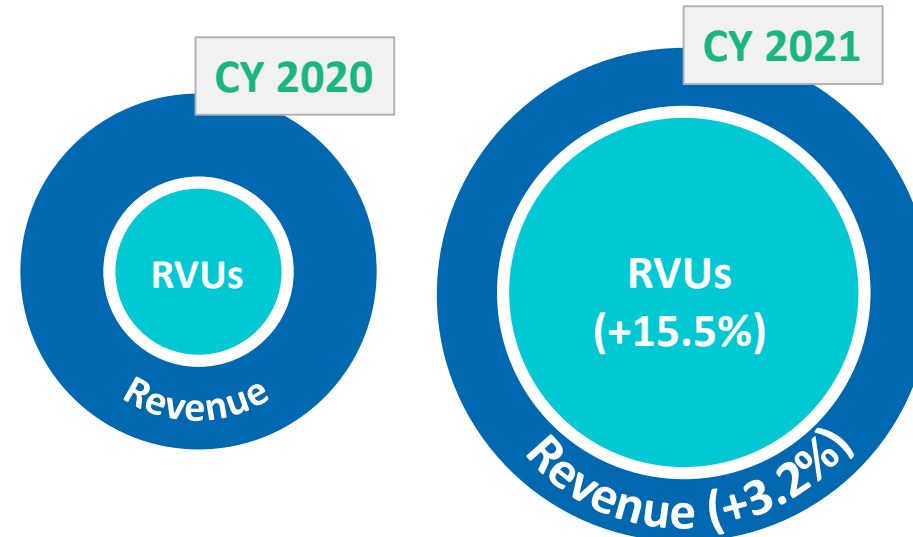


**Under the proposed rule, covered healthcare providers reporting E&M services in the office setting must comply with the new requirements as of January 1, 2021.**



## Modeling the Proposed Changes Using Publicly Available CMS Claims Data

### EXAMPLE: Ratio of Revenue to RVUs



Example	Total (Estimated)		Volume-Weighted Average Per Procedure (Estimated)	
	RVU	Revenue	RVU	Revenue
2020 - October	1,003,480	\$36,215,197	3.2823	\$118.46
2021 - Proposed	1,158,587	\$37,376,610	3.7902	\$122.27
<b>Change</b>	<b>15.5%</b>	<b>3.2%</b>	<b>15.5%</b>	<b>3.2%</b>

In the example above, it is forecast that the health system would experience in the aggregate a **15.5% increase in RVUs** accompanied by only a **3.2% increase in associated professional revenue**.



## FTI Solutions

### ASSESS

- + **RAPID READINESS ASSESSMENT: No-cost impact modeling utilizing publicly available CMS data**
- + **MARKET SCAN: Deeper dive modeling assessment**

### PREPARE

- + Medical record documentation
- + Practice scheduling and key workflows
- + **Provider compensation model analyses**

### IMPLEMENT

- + **Develop compensation plan mitigation**
- + Optimized workflows
- + Increased access

# 2021 Medicare Physician Fee Schedule Proposed Rule – Winners and Losers



## Modeling the Top and Bottom 10 Codes in Your Organization<sup>1</sup>

### ↑ Top 10 Increases in Revenue

Procedure Code	CMS Description	Estimated Volume	2020 - October (Estimated)		2021 - Proposed (Estimated)		Difference (Estimated)	
			Provider RVU	Provider Revenue	Provider RVU	Provider Revenue	Provider RVU	Provider Revenue
99214	Office/outpatient visit est	93,964	287,531	\$10,376,873	358,004	\$11,549,391	70,473	\$1,172,518
99213	Office/outpatient visit est	90,076	190,061	\$6,859,220	242,305	\$7,816,883	52,244	\$957,663
99215	Office/outpatient visit est	7,794	32,031	\$1,155,997	41,617	\$1,342,595	9,586	\$186,598
90960	Esrd srv 4 visits p mo 20+	2,147	17,329	\$625,413	22,419	\$723,240	5,089	\$97,828
99212	Office/outpatient visit est	10,803	13,828	\$499,045	18,149	\$585,502	4,321	\$86,457
G0439	Ppps, subseq visit	6,224	20,229	\$730,048	24,275	\$783,108	4,046	\$53,060
90961	Esrd srv 2-3 vsts p mo 20+	681	4,615	\$166,568	5,882	\$189,743	1,266	\$23,175
52000	Cystoscopy	701	4,197	\$151,478	5,087	\$164,116	890	\$12,637
90791	Psych diagnostic evaluation	480	1,936	\$69,873	2,498	\$80,593	562	\$10,720
97161	Pt eval low complex 20 min	1,156	2,809	\$101,394	3,411	\$110,031	601	\$8,637
<b>Total</b>		<b>214,027</b>	<b>208,899</b>	<b>\$7,539,085</b>	<b>262,574</b>	<b>\$8,470,772</b>		
<b>Change</b>					<b>25.7%</b>	<b>12.4%</b>		

### ↓ Top 10 Decreases in Revenue

Procedure Code	CMS Description	Estimated Volume	2020 - October (Estimated)		2021 - Proposed (Estimated)		Difference (Estimated)	
			Provider RVU	Provider Revenue	Provider RVU	Provider Revenue	Provider RVU	Provider Revenue
66984	Xcapsl ctrc rmvl w/o ecp	4,167	64,387	\$2,323,691.39	32,923	\$1,062,101.65	-31,464	-\$1,261,589.75
97110	Therapeutic exercises	54,660	47,554	\$1,716,213.84	47,554	\$1,534,123.87	0	-\$182,089.98
92014	Eye exam&tx estab pt 1/>vst	11,970	42,492	\$1,533,511.19	44,168	\$1,424,865.88	1,676	-\$108,645.31
97140	Manual therapy 1/> regions	26,181	20,945	\$755,901.79	20,945	\$675,700.75	0	-\$80,201.04
99204	Office/outpatient visit new	8,492	39,316	\$1,418,913.04	41,949	\$1,353,289.66	2,632	-\$65,623.38
88305	Tissue exam by pathologist	12,924	25,589	\$923,513.69	26,753	\$863,053.10	1,163	-\$60,460.59
98941	Chiropract manj 3-4 regions	12,683	14,586	\$526,385.86	14,712	\$474,628.04	127	-\$51,757.82
97530	Therapeutic activities	11,991	13,430	\$484,666.48	13,549	\$437,111.70	120	-\$47,554.78
97112	Neuromuscular reeducation	11,936	11,936	\$430,775.28	12,056	\$388,920.80	119	-\$41,854.48
93000	Electrocardiogram complete	11,393	5,469	\$197,368.55	4,899	\$158,049.89	-570	-\$39,318.66
<b>Total</b>		<b>166,397</b>	<b>30,890</b>	<b>\$1,114,804.92</b>	<b>30,435</b>	<b>\$981,847.96</b>		
<b>Change</b>					<b>-1.5%</b>	<b>-11.9%</b>		

## Impact of Proposed Changes on Revenue

The proposed 2021 E&M coding and RVU changes will impact subsidies differently, based on the mix of physician specialties.

**Medical groups and physician enterprises with employed hospital-based physicians (anesthesia, radiology, ED) will see a decrease in total RVUs by specialty.** In other cases, total RVUs will exceed the incremental increase in revenue, **potentially resulting in an adverse impact on RVU-based compensation models.**

Medical groups and physician enterprises need to develop a **strategy to successfully operationalize the new guidelines by evaluating potential financial impact.**

<sup>1</sup>All figures are estimates.

Based on CMS' 2020 National Physician Fee Schedule Relative Value File October Release and Relative Value Units and related information used in CY 2021 Proposed Rule. RVUs and fees are for services performed in a non-facility setting. Medicare volume reflects 735,559 physicians in CMS' 2017 Medicare Fee-For-Service Provider Utilization & Payment Data Physician and Other Supplier Public Use File (PUF). PUF data is from 2017 and excludes procedure codes that a physician performed on 10 or fewer beneficiaries. PUF data is filtered to services performed only in a "non-facility" setting. Where applicable, physicians NPIs are assigned to medical groups using CMS' SAF Carrier File. Medical groups are found in the Carrier File by matching the medical group's billing NPI in the HHS NPI Registry to the CARR\_CLM\_BLG\_NPI\_NUM field in the 2017 Carrier File. A physician NPI is considered associated with the medical group if the NPI is found in the Carrier File's PRF\_NPI field on a claim for which the medical group's billing NPI is found in the CARR\_CLM\_BLG\_NPI\_NUM field. PUF data is then filtered using a list of physician NPIs associated with the medical group.

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