

2021 Evaluation and Management CPT Codes:

Understanding the Impact on Physician Compensation



Every year, the Centers for Medicare and Medicaid Services (CMS) conducts a review of the Current Procedural Terminology (CPT) codes and the corresponding Work Relative Value Unit (wRVU) values to determine if changes are needed based on the time, skill, training and intensity necessary to perform the procedure. The degree of change varies from year to year, and the impact on individual specialties depends on which codes are modified and the extent to which the codes are adjusted. CMS has made significant changes to the Evaluation and Management (E&M) CPT codes in terms of documentation requirements, time-effort recognition, and wRVU values for face-to-face ambulatory office visits for new or established patients. These changes will be effective January 1, 2021.

Many physicians provide office-based E&M services and, when broad changes such as this occur, the resulting impact can be significant. This article will address:

- CMS efforts to recognize increased work effort for office visits as well as a summary of the 2021 changes to E&M codes.
- The reimbursement impact on Medicare physician services as well as the likely downstream impact on commercial payer physician reimbursement.
- The potential impact on physician and advanced practice provider (APP) reported productivity levels for various specialties.
- The potential unintended impact on compensation arrangements, especially wRVU production-based plans or salary-based plans with wRVU-based performance measures.
- Other variables that could influence the assessment of your organization's wRVU productivity.

PHYSICIAN AND APP WORK RESPONSIBILITIES FOR E&M OFFICE VISITS

"Patients Over Paperwork" is a CMS initiative based on the American Medical Association's (AMA) RVU Update Committee (RUC) recommendations. The goal of this initiative is to reduce burdensome regulations, enhance efficiency and improve the physician's experience. The E&M review and adjustments are steps towards removing regulatory obstacles that impede a clinician's ability to spend time with patients. The first wave of updates includes the modification of ten E&M codes representing new and established office-based patient visits (codes 99201-99215). Other E&M code groupings will be reviewed at a future date.

Several factors were considered when formulating the 2021 changes, including:

- To maintain the "Patients Over Paperwork" goal, CMS kept the documentation reduction requirement for appropriate coding.
 - CMS estimates that these adjustments will save 180 hours of paperwork for physicians annually.
- A time study commissioned by CMS determined that, due to the added responsibilities physicians have experienced over the last five years, an increase in wRVUs for many E&M codes is justified. These include:
 - Longer patient face-to-face time during visits.
 - Increased non-patient time responsibilities such as Electronic Medical Record (EMR) documentation.
 - Added non-reimbursed physician time to coordinate team-based care and population management.

- To recognize the occasional extended patient visit, CMS is proposing to allow an add-on code (G2212) for every 15 minutes of additional work effort for codes 99205 and 99215.
 - This extended time method is similar to the anesthesiology work value measurement that credits added time units along with the base procedure.
- Another add-on code (G2211) will be available to provide additional recognition (reimbursement and wRVU credit) for qualified, severe, or complex chronic patient conditions.

These adjustments, along with CMS quality incentive payments, signify CMS' increased recognition of how the process of delivering high-quality health care has changed. The impact of these changes will result in material increases in wRVU productivity for office-based specialties. **Table 1** below compares the current E&M code time allocation and wRVUs to the January 2021 changes.

Table 1: Time Allocations and wRVUs Adjustments: Current versus 2021

HCPSC Code	Current Minimum Minutes per Visit	Current wRVU for Code	2021 Minutes per Visit	2021 wRVU for Code	Percentage Increase in wRVU Value
99201 ¹	17	0.48	N/A	N/A	N/A
99202	22	0.93	22	0.93	0%
99203	29	1.42	40	1.60	13%
99204	45	2.43	60	2.60	7%
99205	67	3.17	85	3.50	10%
99211	7	0.18	7	0.18	0%
99212	16	0.48	18	0.70	46%
99213	23	0.97	30	1.30	34%
99214	40	1.50	49	1.92	28%
99215	55	2.11	70	2.80	33%
G2212 ²	N/A	N/A	15	0.61	N/A
G2211 ³	N/A	N/A	11	0.33	N/A

¹ This code to be eliminated in 2021.

² This is an add-on code for every 15 minutes of extended patient office visit time.

³ This code is an add-on code to recognize complexity for qualified chronic patient conditions.

THREE IMPORTANT POTENTIAL IMPACTS TO PHYSICIAN PRODUCTIVITY LEVELS AND RESULTING COMPENSATION AND BENCHMARK MEASUREMENTS

1. How will CMS wRVU changes impact the measurement of physician productivity?

This is often the first question that arises when organizations try to assess how changes will impact productivity internally, and also when comparing to published national survey benchmarks. To help analyze the impact, SullivanCotter utilized its proprietary database consisting of individual CPT code volumes and modifiers for approximately 20,000 physicians across 100 different specialties. We recalculated two versions of wRVU productivity for comparison; one based on the 2019 wRVU values and one based on the new 2021 wRVU values. By keeping volumes consistent, the change in reported wRVU productivity is entirely due to the E&M wRVU adjustments.

Summary findings indicate that of the 100 specialties reviewed, 46% of wRVU benchmarks increased between 3% and 11%. An additional 25% of specialties were impacted by changes greater than 11%. **Table 2** below shows the resulting impact at the specialty level. This represents a significant change to wRVU benchmarks and will be critical for organizations to understand the implications to physician compensation and physician practice economics.

Table 2: Overall Specialty Impact of 2021 E&M Changes

Percent Change in wRVUs from 2019 versus 2021	Number of Specialties	Percent of Specialties
0%	8	8.0%
Less than 3%	21	21.0%
3%-5.9%	21	21.0%
6%-10.9%	25	25.0%
11%-15.9%	14	14.0%
16%-20.9%	8	8.0%
21% or Greater	3	3.0%
Total	100	100%

Table 3 below illustrates a sample of some of the individual specialties with notable increases to reported wRVUs.

Table 3: Median wRVU Impact of 2021 E&M wRVU Changes

Specialty	2019 Median wRVUs ¹	2021 Estimated wRVUs ¹	Estimated wRVU Changes
Urgent Care	4,833	6,043	25.0%
Rheumatology	4,204	5,085	21.0%
Occupational and Environmental Medicine	2,788	3,360	20.5%
Oncology – Hematology and Oncology	5,145	6,162	19.8%
Family Medicine	4,486	5,336	18.9%
Endocrinology	4,571	5,411	18.4%
Internal Medicine	4,432	5,227	17.9%
Dermatology	6,414	7,316	14.1%
Allergy/Immunology	4,128	4,647	12.6%
Pediatrics – General	5,087	5,698	12.0%
Psychiatry – General	4,479	4,963	10.8%
Neurology	4,866	5,375	10.5%
Otolaryngology – General	6,299	6,819	8.3%
Orthopedic Surgery – General	8,712	9,192	5.5%

¹ Source: 2019 SullivanCotter Large Clinic® CPT Benchmark Study

2. How might wRVU changes impact physician compensation benchmarks?

This depends on the structure of an organization's compensation programs. If a plan is based heavily on existing compensation per wRVU benchmarks, there will be an immediate increase in the amount of compensation paid to physicians as a result of the change in wRVU values. According to SullivanCotter's 2019 *Physician Compensation and Productivity Survey*, nearly three-fourths of organizations indicated that wRVU productivity drives more than 50% of physician total cash compensation. Conversely, physicians with salary-based plans pegged to national compensation benchmarks will not experience an immediate increase in compensation but may experience a change over time as benchmarks evolve.

Over 95% of the organizations participating in the survey utilize national benchmarks to determine annual salaries and/or compensation per wRVU rates. Understanding how to use these benchmarks appropriately is critical during the 2021 and 2022 transition years.

SullivanCotter reviewed several different compensation methodologies to estimate the potential impact to survey benchmarks. Considering the E&M code wRVU changes and assuming no modifications are made to compensation plan methodologies, we estimate average clinical compensation will increase by approximately 6% assuming no changes are made to compensation rates. This does not consider other market factors such as demand, inflation, cost-of-living, changes in productivity and more. As with reported wRVUs, this impact will vary significantly by specialty. **Table 4** below highlights the estimated changes to survey benchmarks. See Column A to find the estimated change in compensation.

Table 4: Estimated Survey Benchmark Changes in Clinical Compensation and wRVUs

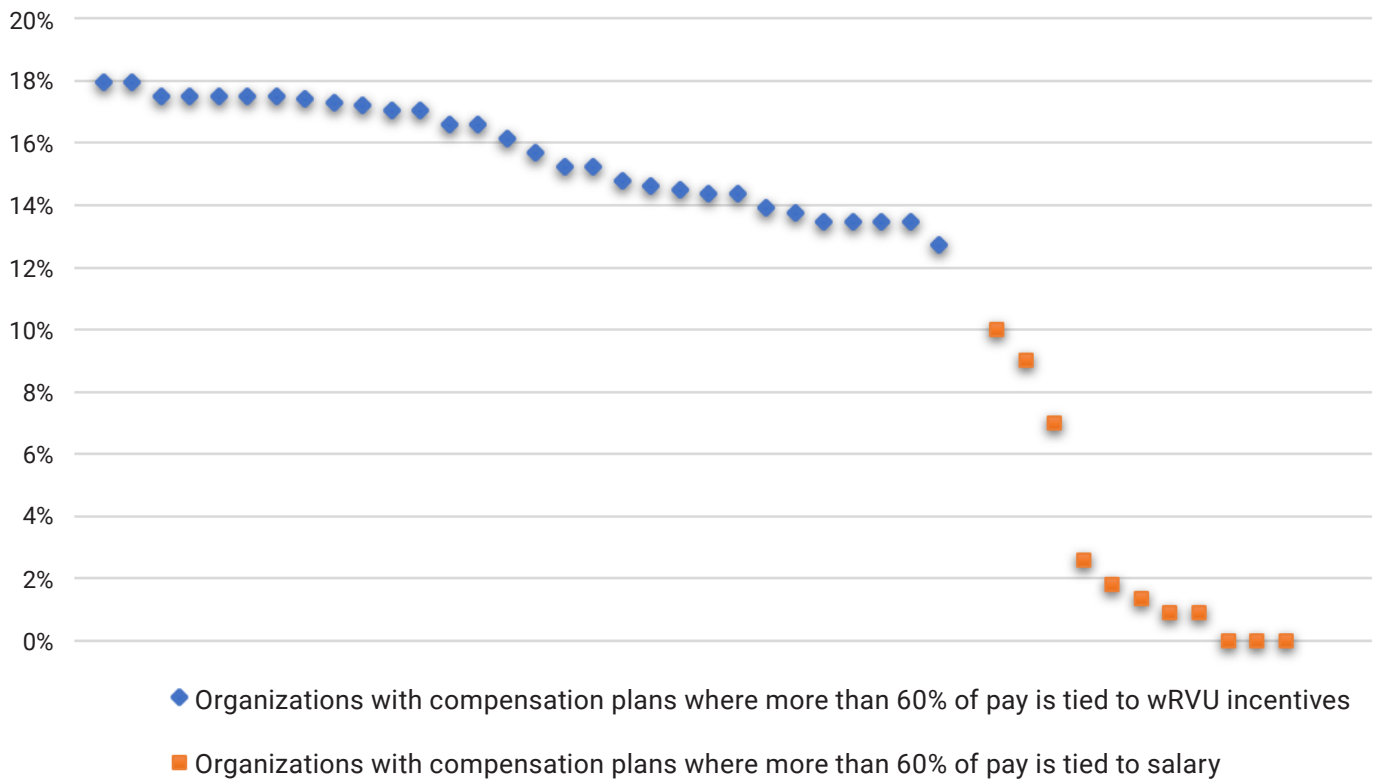
Specialty	Column A: Estimated % Change in Clinical Compensation	Column B: Estimated % Change in wRVU	Column C: Estimated % Change in Compensation per wRVU
Urgent Care	20%	25%	-4%
Rheumatology	12%	21%	-6%
Occupational and Environmental Medicine	14%	21%	-2%
Oncology – Hematology and Oncology	11%	20%	-6%
Family Medicine	15%	19%	-3%
Endocrinology	10%	18%	-5%
Internal Medicine	12%	18%	-5%
Dermatology	10%	14%	-4%
Allergy/Immunology	8%	13%	-4%
Pediatrics – General	9%	12%	-3%
Psychiatry – General	7%	11%	-3%
Neurology	6%	10%	-4%
Otolaryngology – General	5%	8%	-2%
Orthopedic Surgery – General	4%	6%	-1%

If an organization utilizes wRVU productivity targets to determine compensation using the 2020 survey data while calculating wRVUs using the 2021 wRVU schedule, this will result in higher compensation as physicians meet or exceed the benchmarks at an increased rate.

Similarly, if an organization uses the 2020 compensation per wRVU survey benchmark while using the CMS 2021 values to calculate physician productivity, clinical compensation will increase as a result of using compensation per wRVU rates calculated on the older wRVU values. Using Internal Medicine as an example, the following graph represents the potential unintended consequences for organizations using a variety of compensation plan designs assuming no change in compensation plan methodology. The potential impact varies significantly depending on whether an organization primarily utilizes a wRVU incentive plan versus a salary-based plan.

Estimated Potential Compensation Increase by Group

Internal Medicine



To avoid these pitfalls, organizations should conduct a strategic review of the upcoming changes to determine the impact the 2021 Final Rule will have on their physician compensation plans. Considerations include appropriateness, affordability, feasibility of modifications, and physician expectations of any change in compensation.

3. If your organization utilizes compensation per wRVU benchmarks, what should we expect for the 2021 survey benchmarks?

As mentioned above, nearly 75% of organizations in the SullivanCotter 2019 *Physician Compensation and Productivity Survey* utilize the compensation per wRVU benchmark in determining physician compensation. For any organization using the 2021 wRVU values in their compensation plan, a fundamental understanding of how market benchmarks will change is important.

This article has reviewed estimated increases to both wRVUs and clinical compensation. However, because the expected change in wRVU values exceeds the expected change in clinical compensation, compensation per wRVU ratios are expected to decrease in future surveys. See Column C in **Table 4** for the estimated impact on specific specialties. Overall, our study indicated a 3% decrease in the TCC/wRVU rate, but significant variability by specialty.

OTHER FACTORS TO CONSIDER WHEN ANALYZING COMPENSATION IMPACTS

As organizations continue to evaluate the impact of the Final Rule during this industry transition, there are several other factors to consider. These include:

- Will moving forward with current compensation per wRVU rates and 2021 wRVU values unintentionally create fair market value (FMV) and/or commercial reasonableness (CR) risks due to the resulting higher compensation payments?
- Do compensation incentive plans include supervisory payments to physicians based on APP productivity levels? These changes will also affect wRVU values for codes utilized by APPs.
- For specialties that are paid shift rates, are there additional incentives based on productivity?
- Does the organization pay for physician virtual care visits by tying them to office visit E&M values? This could result in unintended higher pay for virtual care.
- CMS has added G2212 as an add-on code intended to be used with 99205 and 99215 for each additional 15 minutes of visit time as well as G2211 for patients with complex chronic conditions. The assumptions and analysis above do not account for changes in the distribution of E&M coding or increases in wRVUs due to these new codes. A wRVU increase does not automatically equate to an equal reimbursement increase.
- CMS also applied an annual budget neutrality factor which caps overall physician fee schedule reimbursement to avoid a significant increase in CMS payments. The reduction in the CMS conversion factor, in combination with significant increases in wRVUs for cognitive specialties, may result in additional compensation paid to physicians. However, any revenue increases are unlikely to offset the more significant increases in wRVU-based compensation if 2021 E&M code values and historical compensation per wRVU rates are utilized going forward.

SullivanCotter offers advisory support and technology solutions to help your organization understand and respond to the potential impact of these changes.

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