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 is proposing a significant overhaul of the Evaluation and Management (E&M) CPT codes in terms of documenting requirements, time-effort recognition, and their respective wRVU values. E&M CPT codes represent various types of face-to-face office or other outpatient visits for new or established patients. These changes will be incorporated in January of 2021.

A large majority of specialties utilize E&M codes and, when 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 potential impact on physician and advanced practice provider (APP) productivity levels for various specialties.
- The potential unintended results to compensation arrangements, especially wRVU production-based plans or salaried-based plans with wRVU based performance measures.
- Other variables that could influence the assessment of your organization's productivity.

PHYSICIAN AND APP WORK RESPONSIBILITIES FOR E&M OFFICE PATIENT 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 adjustment is a step 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 standard, established and new patient visits (codes 99201-99215). Other E&M code groupings will be reviewed at a future date.

Several factors were considered when providing the 2021 recommendations, 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 time patient visit, CMS is proposing to allow an add-on code (99XXX) for every 15 minutes of additional work effort for codes 99205 and 99215.

- This extended time method is similar to anesthesiology work value measurement that credits added time units along with the base procedure.

- Another add-on code (GPC1X) will be available to provide a small amount of wRVU credit to account for qualified, severe, or complex chronic conditions.

- CMS also is proposing to permit Physician Assistants (PAs) to practice in accordance with state law supervisory requirements rather than Medicare's general supervision requirements. In the absence of state law, the supervision requirement can be met by documenting in the medical record the PA's approach to working with the physician.

These adjustments, along with CMS quality incentive payments, signify CMS's increased recognition of how the process of delivering high-quality health care has changed. The impact of these changes will likely result in material shifts 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

HCPCS 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%
99XXX[2]	N/A	N/A	15	0.61	N/A
GPC1X[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, but 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 benchmarks 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 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 payouts and affordability.

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 illustrates a sample of some of the individual specialties with notable impacts to 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 compensation per wRVU calculations, 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 3/4 of organizations indicated that wRVUs represent more than 50% of a physician's total cash compensation. Conversely, physicians with salary-based plans will not see an immediate increase but will experience this over time as benchmarks change.

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

SullivanCotter reviewed several different compensation methodologies to estimate the potential impact to survey benchmarks. Considering the E&M code value changes and assuming no modifications are made to compensation

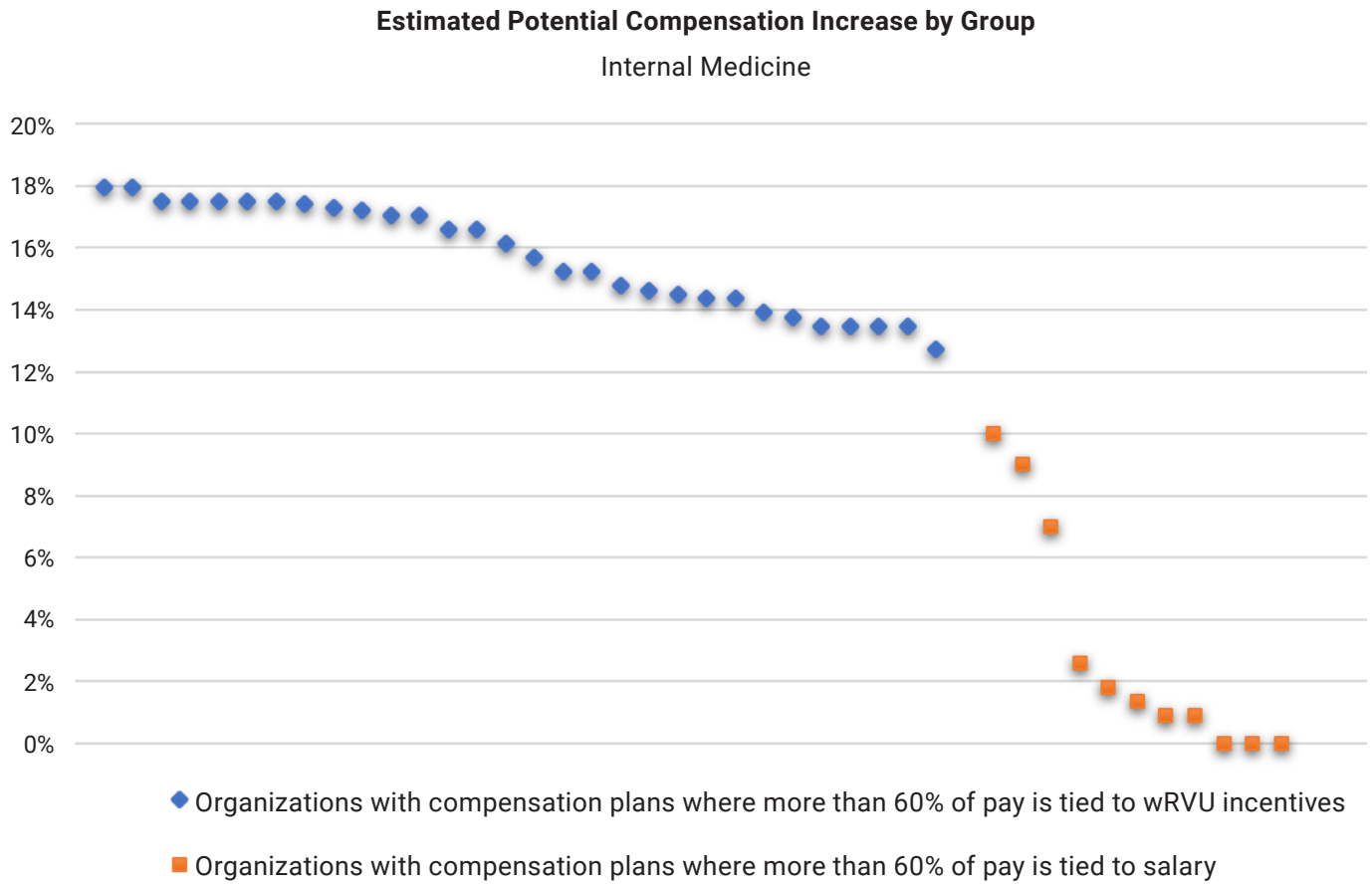
plan methodologies, we estimate the average clinical compensation to increase by approximately 6%. This does not include other market factors such as demand, inflation, cost-of-living, changes in productivity and more. As with wRVUs, this will vary significantly by specialty. **Table 4** below highlights 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 payouts as physicians meet or exceed the benchmarks at a much greater 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 the pre-adjusted compensation per wRVU rates. Using Internal Medicine as an example, the following graph represents the potential unintended consequences. This will vary depending on whether your organization primarily utilizes a wRVU incentive plan versus a salary-based plan.



To avoid these pitfalls, organizations should conduct a strategic review of upcoming changes to help determine the impact this will have on physician compensation plans. Discussions can include the awareness, appropriateness, affordability, modifications, and expectations to any change in compensation.

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

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 group implementing the 2021 rate into 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 wRVUs is greater than the expected change in clinical compensation, the impact on the compensation per wRVU ratio will have an inverse effect. See Column C in **Table 4** for the impact on specific specialties. This results in decreases to the compensation per wRVU rate. Overall, our pro forma modeling indicated a 3% decrease in the rate, which varies by specialty.

OTHER FACTORS TO CONSIDER WHEN ANALYZING COMPENSATION IMPACTS

As organizations continue to educate themselves during this transition, there are several other factors to consider. These include:

- Can the current compensation methodology unintentionally create Fair Market Value (FMV) risks due to higher compensation payments?
- Do compensation incentive plans include supervisory payments to physicians based on APP productivity levels? These changes will 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 that tie to E&M values? This could result in higher pay for virtual care.
- CMS will also be adding 99XXX as an add-on code for every 15 additional minutes of visit time as well as GPC1X for patients with complex chronic conditions. The assumptions and analysis above do not account for the 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 revenue reimbursement increase.
- CMS also applies an annual budget factor that caps the overall per wRVU reimbursement to avoid a significant increase in CMS payments. This can significantly increase the total percentage of revenue paid to physicians.

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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