2021 Medicare pay schedule eases physicians’ documentation burdens

DEC 2, 2020

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What’s the news: The final 2021 Medicare physician payment schedule includes a simpler, more flexible process for coding and documenting evaluation and management (E/M) office-visit services. But those positive changes, set to take effect in January, are accompanied by significant pay cuts for many physicians in specialties that provide relatively few office visits—cuts that come as the pandemic is imposing major financial strains on doctors of all stripes.

The changes coming Jan. 1 to the coding, documentation and payment of E/M office-visit services amount to “foundational improvements,” said AMA President Susan R. Bailey, MD. The Medicare changes are in line with the Current Procedural Terminology (CPT®) Editorial Panel and the AMA/Specialty Society RVS Update Committee and allow doctors to pick the right code based on total time or medical decision-making. Physicians have a raft of E/M resources from the AMA to help them prepare for these shifts.

But the newly adopted office-visited pay rates and other pay raises finalized in the Centers for Medicare & Medicaid Services (CMS) rule must, by statute, be offset by pay cuts to other Medicare services for the sake of budget neutrality.

Why it’s important: “This will result in a shocking reduction of 10.2% to Medicare payment rates in the midst of the worsening COVID-19 pandemic while physicians are continuing to care for record numbers of patients diagnosed with COVID-19 and trying to keep the lights on in their practices,” Dr. Bailey said. “These cuts will hurt all Medicare patients,” she added. That includes patients seeking care for COVID-19 because payments for critical care, hospital visits and nursing-home visits will be cut dramatically.

The AMA is strongly urging Congress “to prevent or postpone the payment reductions resulting from Medicare’s budget neutrality requirement,” Dr. Bailey said. “Physicians are already experiencing
substantial economic hardships due to COVID-19, so these payment cuts could not come at a worse time.”

Read about a U.S. House bill, H.R. 8702, that would put a two-year freeze on Medicare services set for 2021 pay cuts.

**Learn more:** AMA staffers are continuing to analyze the massive rule and will release a detailed summary shortly. Meanwhile, the AMA has got you covered when it comes to helping you prepare for the 2021 changes to E/M coding and documentation guidelines.

The AMA’s extensive resource library includes:

- 10 tips to prepare your practice for E/M office visit changes: A checklist with linked resources to guide physician practices for a smooth transition to the simpler and more flexible E/M office visit documentation-and-coding guidelines.
- Office Evaluation and Management (E/M) CPT Code Revisions. An educational module providing an overview of the new E/M coding revisions for office visits that will help physicians and practice staff understand how these foundational changes will affect their work and reduce their documentation burden.
- Revisions to the CPT E/M Office Visits: New Ways to Report Using Time. This separate educational module provides detailed information on how the new E/M coding revisions for office visits have clarified and simplified the time component of code selection to reduce administrative burden.
- Revisions to the CPT E/M Office Visits: New Ways to Report Using Medical Decision Making (MDM). This module offers more detailed information on how the new E/M coding revisions for office visits have increased clarity around definitions and criteria for code-level selection based on good patient care.
- Implementing CPT Evaluation and Management Revisions. Video presentations with step-by-step guidance to help the health care community hit the ground running with the new E/M office-visit changes.

The AMA's work in this area is part of its continuing effort to cut administrative burdens and other obstacles to patient care.