

Dec. 4, 2020: Advocacy spotlight on 2021 Medicare Final Rule: E/M improvements, budget neutrality cuts to payments

2021 Medicare Final Rule: E/M improvements, budget neutrality cuts to payments

In the 2021 Medicare Physician Payment Schedule final rule, the Centers for Medicare & Medicaid Services (CMS) moved ahead with the adoption of CPT guidelines to report E/M visits based on either medical decision making or physician time and to reduce unnecessary documentation starting Jan. 1, 2021. CMS also adopted recommendations made by the AMA/Specialty Society RVS Update Committee (RUC), which increase payment for E/M visits. These coding and payment improvements are the result of years of significant collaboration across medical specialties.

However, the final 2021 E/M policies differ from the RUC recommendations in one important respect. Although the surgical specialties participated in the RUC survey and their data and vignettes were incorporated into the RUC recommendations, CMS did not apply the RUC recommended values to the visits bundled into global surgical payments.

The AMA offers resources to help physicians prepare for getting the full benefit of the burden relief from the E/M office visit changes, including a checklist, videos, modules, guidebooks, as well as other tools and references.

Unfortunately, by law, significant increases in Medicare physician payment rates must be offset by across-the-board decreases. This budget neutrality requirement means that the RUC recommendations for the office and outpatient E/M visits would lead to an approximate 5% payment reduction affecting physicians and other health professionals who provide relatively few office visits. This reduction was doubled to more than 10% as a result of other policy changes made by CMS.

Despite the consensus of the AMA and the Federation that the Administration should waive the budget neutrality impacts of the Medicare E/M policies in light of the COVID-19 public health emergency (PHE), CMS did not offer any relief in the final rule. The CY 2021 physician payment conversion factor is \$32.41, a decrease of \$3.68 from the CY 2020 conversion factor of \$36.09. This is a decrease of 10.2%. The CY 2021 anesthesia conversion factor is \$20.04, a decrease of \$2.15 from the CY 2020

conversion factor of \$22.20.

The AMA strongly urges Congress to avert the steep cuts due to budget neutrality as physicians are experiencing substantial economic hardships due to the COVID-19 PHE. Cuts of this magnitude are problematic for all services, but the AMA is extremely concerned that these cuts will directly impact care to COVID-19 patients, as payments for hospital visits, critical care visits, nursing home visits and home visits are among those being slashed.

Please contact your member of Congress and ask them to support the "Holding Providers Harmless from Medicare Cuts During COVID-19 Act" (H.R. 8702).

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