2021 Medicare Physician Fee Schedule Transition Program

Many organizations are struggling to determine if and how to adjust provider compensation plans as a result of the recently released 2021 Medicare Physician Fee Schedule (MPFS) which introduces changes to E&M coding requirements and adjusts wRVU values for those services. With these changes going into effect on January 1st, and with initial analyses suggesting up to 20% increases in total wRVUs per provider, organizations are scrambling to develop compensation strategies that preserve financial sustainability.

For these reasons, we recommend a MPFS Transition Program that allows for a structured approach to educating providers, measuring potential impacts, and later phasing the 2021 MFPS changes into the actual provider compensation process.

A central component to this approach is continuing to utilize the 2020 MPFS wRVU values for the purposes of provider compensation. This allows time for the organization to educate providers and collect data in order to better plan for compensation changes that can be implemented when the organization updates to using the most current MPFS parameters. **We recommend this approach because we believe attempting to alter compensation plans prior to January 1st is problematic for the following reasons:**

- The final rule introduces significant changes that will impact distribution of E/M codes AND the wRVU values associated with those codes. Therefore, projecting a provider's 2021 wRVU production usage is complicated. It is not as simple as plugging in new values for each CPT code.

- This will make it difficult to adjust compensation models and/or rates in a way that is budget neutral to the provider and to the organization.

- Incorrect analysis may lead to negative consequences:

  - Provider relationship degradation if providers receive less compensation for similar effort and volume productivity.

  - Financial upheaval caused by providers receiving significantly more compensation for similar productivity volume – which is potentially compounded by decreasing reimbursement.

HSG SUPPORT

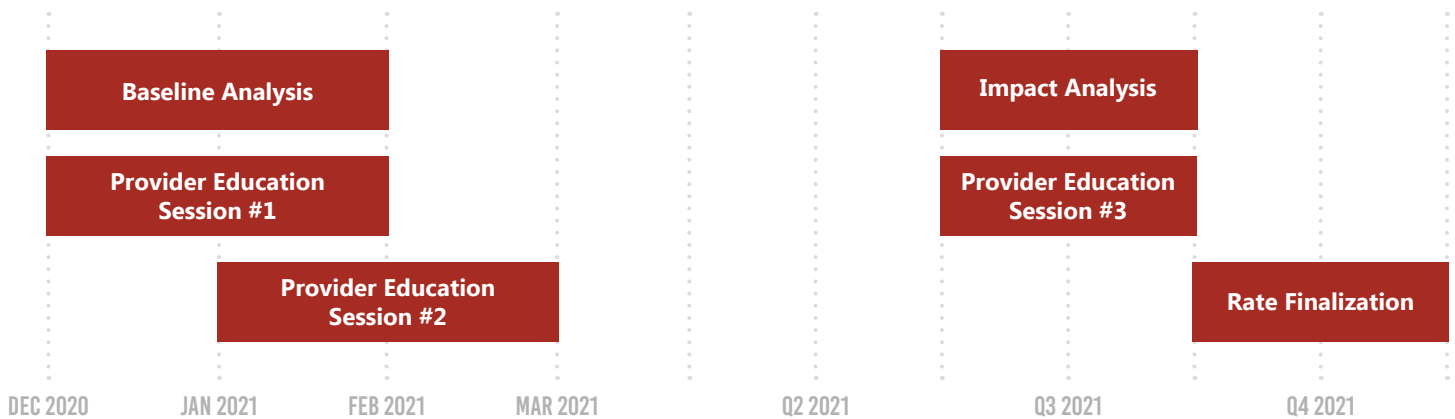HSG provides support during the MPFS Transition Program by:

- Conducting a series of provider education sessions to familiarize the providers with the 2021 MPFS, provide tangible coding support, and prepare for potential impact to wRVUs and compensation rates.

- Performing initial and baseline analyses to help the organization project wRVU increases and adjust compensation rates accordingly.

PROGRAM COST

Comprehensive program as shown on the following page will cost $24,500. Program can also be customized based on individual client needs. For example, the 2021 MPFS changes are promoting many organizations to use the transition period to substantially revise their provider compensation plans to incorporate non-productivity incentives. HSG can incorporate support for that process at additional cost.

EXAMPLE TIMELINE

Full transition to updated MPFS by Jan 1, 2022.

Baseline Analysis					Impact Analysis		
Provider Education Session #1					Provider Education Session #3		
	Provider Education Session #2						Rate Finalization
DEC 2020	JAN 2021	FEB 2021	MAR 2021	Q2 2021	Q3 2021	Q4 2021

Baseline Analysis

- Understand current relationships between compensation and productivity
- Create baseline volume projection for 2021
- Estimate potential wRVU impact based on fee schedule changes and coding scenarios

Provider Education Session #1

Content to include:

- Overview of 2021 MFPS Final Rule
- New E/M coding documentation requirements
- Potential impact of wRVU changes
- Potential impact to organization revenue

Provider Education Session #2

- Reinforce vital aspects of the first session
- Allow providers to ask questions based on initial coding experiences

Impact Analysis

- Analyze E/M coding distribution based on YTD data
- Project full impact of applying 2021 MPFs to current volume and coding trends
- Recommended rate adjustments

Provider Education Session #3

- Discuss potential wRVU and compensation impact
- Prepare to changes to compensation rates

Rate Finalization

- Adjust and finalize recommended rates based on final analysis and feedback

**Contact HSG to talk to a representative about an
MPFS Transition Plan for your employed physician network.**

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