



Timely, Tough, or Tricky – Physician Compensation and Fair Market Value Topics in 2022

WEBINAR SERIES: SESSION #1

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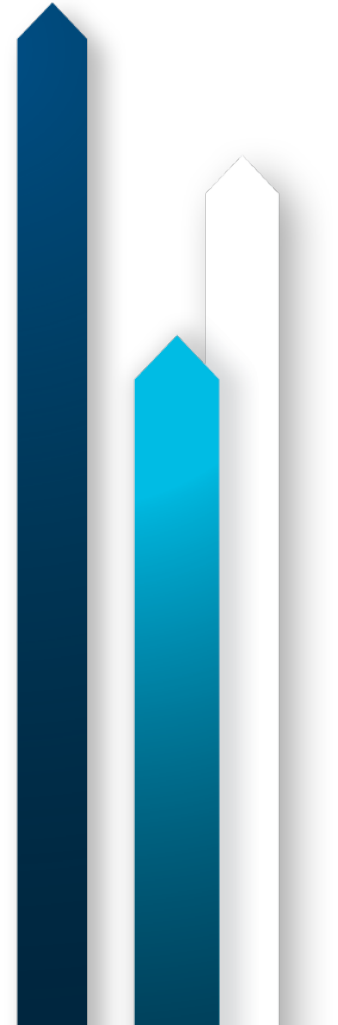
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Introduction

- To begin a dialogue on timely, and occasionally, tough or tricky topics in physician compensation and fair market value, PYA surveyed more than 30 physician compensation experts to understand the collective thoughts on issues impacting these topics in 2022. These issues include:
 - **The 2021 (and 2022) Medicare Physician Fee Schedule**
 - **Telehealth Services**
 - Group Practice Exception Regulation Changes
 - Confusion Surrounding Compensation per wRVU
 - Advanced Practice Practitioners
 - Using Benchmark Data in 2022, Including COVID-19 Implications
 - 2021 (and Beyond) Changes to Commercial Reasonableness
 - Rural Physicians
 - Value-Based Compensation
 - Integration of Independent Physicians in Employment Models
 - Other Hot Topics (to be determined by webinar series participants, changes in market conditions over 2022, etc.)



The 2021 (and 2022) Medicare Physician Fee Schedule (MPFS)



Key MPFS Updates Impacting Physician Compensation

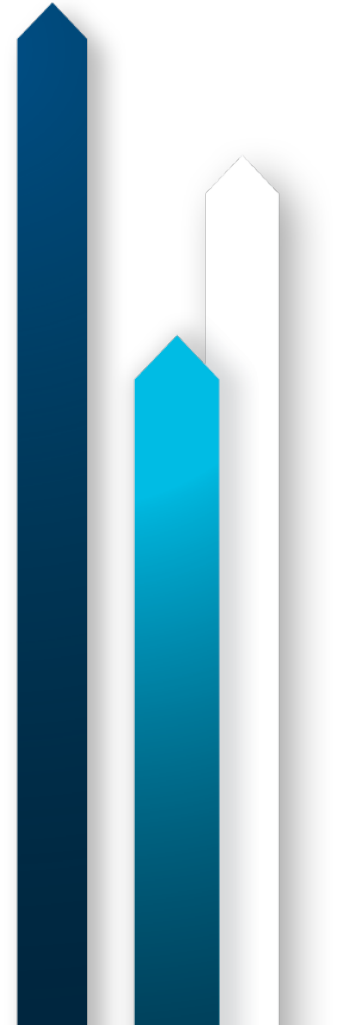


■ 2021

- The wRVUs for certain E/M services and certain other relevant services increased January 1, 2021.
 - For example, the wRVU values for E/M codes 99202 through 99205 (new office visits) increased by a range of approximately 7% to 13%. Perhaps more notably, the wRVU values for E/M codes 99212 through 99215 (established office visits) increased by a range of approximately 28% to 46%.
- These MPFS changes cumulatively result in overall positive relative value units for which CMS, by law, created an offsetting adjustment. As finalized, the Medicare conversion factor decreased by 3.3% (from \$36.0896 in 2020 to \$34.8931 in 2021) to assist with budget neutrality associated with the wRVU and other fee schedule changes.
- Similarly, the anesthesia conversion factor was reduced by 2.9% from \$22.20 to \$21.56. However, based on CMS estimates the combined reimbursement change to anesthesia was expected to decline by approximately 1%.

■ 2022 (Finalized on 11/2)

- Physician Conversion Factor - Reduced to \$33.5983.
- Anesthesia Conversion Factor - Reduced to \$20.9343.



Key MPFS Updates Impacting Fair Market Value



- With an increase in wRVU values, physicians on a compensation per wRVU productivity model may earn more compensation, and employers may have less income/greater losses absent any mitigating changes to physician compensation agreements.
- Without any physician compensation adjustments, physicians who primarily bill E/M codes, and who are on a wRVU productivity model with a wRVU threshold, may meet that threshold faster, thus earning additional compensation for which they were ineligible for historically.
- The full impact of these changes may not be seen in physician compensation and productivity benchmark data for several years and may be difficult to pinpoint with the simultaneous impact of COVID-19.
- Using 2021 physician compensation benchmark survey data (based on 2020 responses) without adjustment or consideration of the MPFS impact in 2021 or 2022 (if implemented) may lead to compensation that is above fair market value.

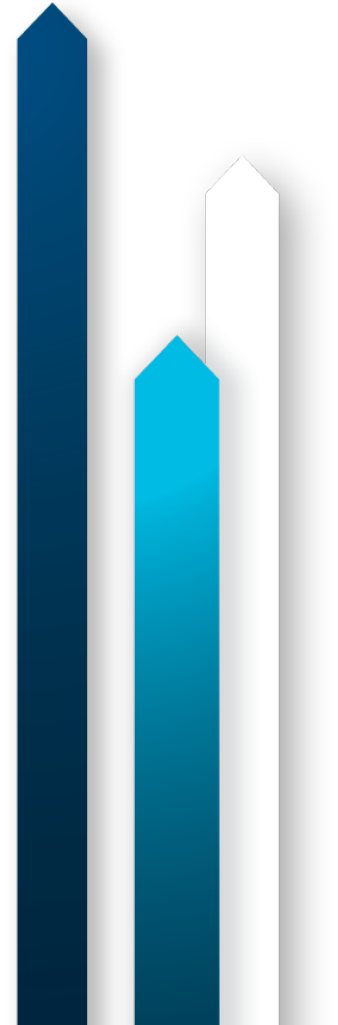


Telehealth Services



MPFS Implications on Telehealth

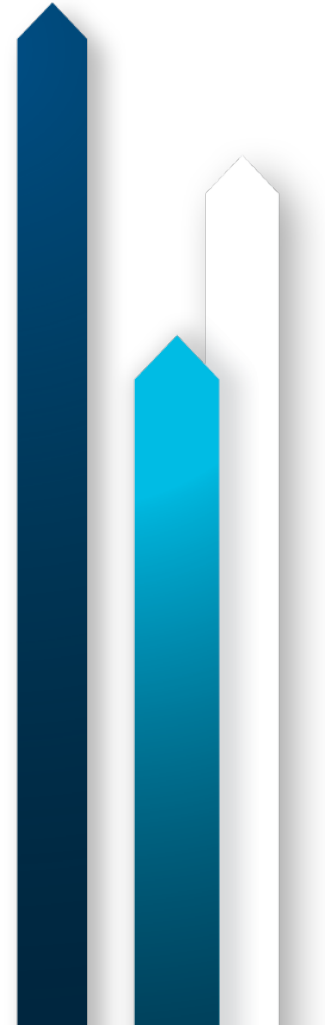
- Under the 2022 Final Rule, CMS finalized the telehealth services list that was temporarily added during the COVID-19 Public Health Emergency.
- These services will remain on the list of approved telehealth services through December 31, 2023, while CMS evaluates whether the services should be permanently added to the Medicare telehealth services list.
- CMS has amended the definition of interactive telecommunications systems for the provision of telehealth services when treating mental health disorders.
 - Previously, this was defined as multi-media equipment permitting two-way, real-time interactive communication between a patient and a provider.
 - The new definition will allow for communications equipment that includes audio only technology for the diagnosis, evaluation, and/or treatment of mental health disorders.



Telehealth and Compensation: A History



- Prior to the pandemic, only 52% of providers who furnished telephonic call coverage (i.e., physician consults via telephone) received compensation for those services. Physicians providing telephonic call coverage were compensated in one of the following ways:
 - Hourly rate for time spent consulting, flat rate per consult, 100% of specialty's unrestricted call rate, or a percentage of the specialty's unrestricted call rate.
- By contrast, 100% of physicians providing telemedicine call coverage were compensated for those services. Physicians providing telehealth services were compensated in one of the following ways:
 - Flat rate per consult, hourly rate for time spent consulting, 100% of specialty's unrestricted call rate, percentage of specialty's unrestricted call rate, or payment based on wRVUs.

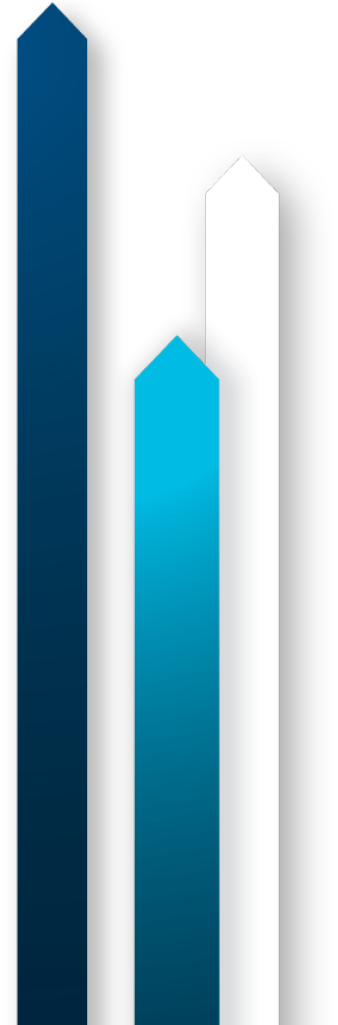


1) SullivanCotter 2020 Physician On-Call and Telemedicine Compensation Survey Report.

Telehealth and Fair Market Value



- Compensation methods to be considered in recruiting independent physicians to provide telehealth services or, in certain circumstances, to supplement an employed physician's current compensation formula in times of need:
 - Hourly Rate for Time Spent Consulting
 - Flat Rate Per Episode
 - Unrestricted Call Coverage Rate
 - wRVU Payment



2) SullivanCotter 2020 Physician On-Call and Telemedicine Compensation Survey Report.

Thank you!



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