

Report on Medicare Compliance Volume 30, Number 7. February 22, 2021 RVU Changes Could Put FMV of Compensation at Risk; Some Hospitals Use 2020 RVUs

By Nina Youngstrom

Some hospitals have decided to pay employed physicians based on the 2020 Medicare fee schedule to preserve fair market value. Although they are required to bill Medicare with the 2021 evaluation and management (E/M) codes, the hospitals are sticking with last year's work relative value units (RVUs) in their productivity compensation arrangements because significant changes in many work RVUs may put too much space between the revenue generated by physicians and the money they're paid.

"The vast majority of my clients are trying that approach for now," said Anna Brewer, a partner of JTaylor, at the Health Care Compliance Association's Dallas regional conference Feb. 12.^[1] "They chose a stopgap measure." These health systems are sending their employed physicians a contract amendment stating that, "in this one circumstance, we will not move to 2021. We will keep you on the 2020 fee schedule, monitor the situation, and make changes once we have the data required to determine the necessary revisions to compensation terms."

This is another adaptation by hospitals at an unprecedented time, although it's not driven mainly by COVID-19. Instead, they're responding to a reordering of part of the Medicare payment universe, which began before the pandemic and was modified by Congress in the 2021 Consolidated Appropriations Act. Between the changes to work RVUs and COVID-19's impact on office visits and elective procedures, health systems may have to adjust their compensation for employed physicians to protect fair market value, Brewer said.

Health systems also should consider the impact of work RVU changes on managed care contracting and the data in compensation surveys, which also has been skewed by COVID-19. "What I am most worried about is that some hospital systems won't ever notice this, and they will pay specialists more money than they should and maybe primary care doctors a little more than they should," Brewer said.

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