

PLANNED PAYMENT POLICY CHANGES

As physicians continue to care for patients on the frontlines of the COVID-19 pandemic, cuts to physician payment for surgical services are looming. Finalized and recently proposed policies from the Centers for Medicare & Medicaid Services (CMS) conflict with current law and will have drastic consequences for Medicare patients seeking surgical services at a time when physician practices are struggling to stay afloat.

Why These Cuts Matter:

Without congressional intervention, these policies will result in significant cuts to physician payment for most surgical services delivered to Medicare patients, destabilize health system financing, and drastically diminish the opportunity for physician offices to recover financially from COVID-19.

Payment Policy Changes Include:

- **E/M Global Codes** – In the CY 2020 Medicare Physician Fee Schedule (PFS) final rule, CMS increased the payment levels for stand-alone office and outpatient E/M codes. It did not, however, apply these adjustments to global codes. Arbitrarily adjusting some E/M codes but not others conflicts with the Omnibus Budget Reconciliation Act (OBRA) of 1989(P.L. 101-239), which prohibits Medicare from paying physicians differently for the same work. Failing to adjust the E/M portion of the global codes is tantamount to paying surgeons less than physicians in other specialties, in contravention of the law.
- **Add-on Code** – In 2018, CMS proposed to restructure the coding system for office and outpatient E/M visits to reduce documentation burden. Because certain specialties would experience payment cuts due to the proposed collapse of the levels, CMS proposed add-on codes to provide an additional payment—the agency did not move forward with either change. Nevertheless, CMS is still planning to adopt a new add-on code (GPC1X), even though the agency’s justification for doing so no longer exists. Instead of correcting a system that would have resulted in unfair payment reductions, the agency is creating a new coding scheme that inappropriately discriminates among physician specialties.
- **Cuts to total knee and hip (TKA and THA) arthroplasty** - In the CY 2021 Medicare PFS proposed rule, CMS proposes to accept the AMA-RUC recommendations to decrease the work relative value units (RVUs) for hip and knee arthroplasty CPT codes 27130 & 27447 from 20.72 to 19.60. This 5.4% cut, along with the estimated 5% reduction in orthopaedic services reimbursement as a result of CY 2021 fee schedule proposals, will have a severe and lasting impact on access to care for America’s seniors.

What Congress Should Do:

Congress should waive Medicare’s budget neutrality requirements — as stipulated in Section 1848(c)(2) of the Social Security Act — for the finalized evaluation and management (E/M) code policies, including the E/M adjustment to 10- and 90-day global code values, which go into effect on January 1, 2021. Congress should also ask CMS to maintain the current value of total knee and hip arthroplasty codes at work RVU of 20.72.