



Timely, Tough, or Tricky – The 2023 MPFS & Its Potential Impact on Physician Compensation

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Speakers



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Introduction

In 2023, PYA surveyed more than 50 physician compensation experts to understand their collective thoughts on timely, and occasionally, tough or tricky topics in physician compensation and fair market value. The top 10 topics this year included:

1. Advanced Practice Providers (Working in Collaboration With Physicians)
2. End to the PHE
3. The 2023 Medicare Physician Fee Schedule
4. Advanced Practice Providers (Compensation Models/ Structures/ Trends)
5. Call Coverage Needs Assessments
6. Medical Director Needs Assessments
7. Management Services Agreements
8. Benchmark Data in 2023
9. Transition to value based or other alternative compensation models
10. Anesthesia and other hospital-based specialty arrangements



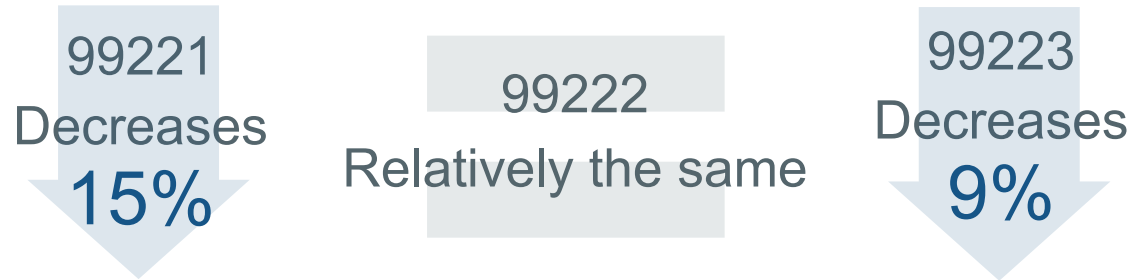
Highlights from the Rule – Conversion Factor Change



Highlights from the Rule – Major Changes to E&M wRVU Values



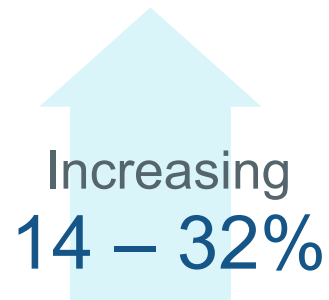
Initial hospital care



Observation/hospital same date



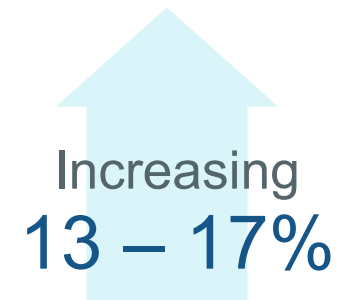
Subsequent
hospital care
(99231 – 99233)



Inpatient
consultation
(99252 – 99255)



Hospital
discharge
day
(99238 –
99239)



Highlights from the Rule – Split Shared Visits



- CMS is delaying by one year the effective date of the split/ shared visit policy finalized in CY 2022 (with a few exceptions)
 - In CY 2023, clinicians will continue to have their choice of history, physical exam, or medical decision making, or more than half of the total practitioner time spent to define the substantive portion of the E/M visit
 - In CY 2024, the provider who renders greater than 50% of the patient care time will be the billing and rendering provider

Anticipated Impacts by Specialty



Estimated Impact on Total Allowed Charges by Specialty



Biggest Reimbursement “Winners”

- Infectious Disease
- Internal Medicine
- Geriatrics
- Nurse Practitioner
- Physical Medicine
- Psychiatry
- Pulmonary Disease

Biggest Reimbursement “Losers”

- Interventional Radiology
- Nuclear Medicine
- Vascular Surgery
- Radiology
- Rheumatology
- Oral/ Maxillofacial Surgery
- Allergy/ Immunology
- Podiatry
- Clinical Psychologist/ Social Worker

Source: Federal Register/ Vol. 87, No. 145/ Friday, July 29, 2022 (Table 138)

How the Rule Potentially Impacts Your Compensation Models



Key MPFS Updates Impacting Fair Market Value



- Physicians on a compensation per wRVU productivity model may earn more or less compensation, and employers may have a different level of loss per FTE physician absent any mitigating changes to physician compensation agreements.
- Without any physician compensation adjustments, physicians in certain specialties who primarily bill inpatient 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 (e.g., 2024 surveys are based on 2023 data).
- Using 2023 physician compensation benchmark survey data (based on 2022 responses) without adjustment or consideration of the MPFS impact in 2023 may lead to compensation that is above fair market value.

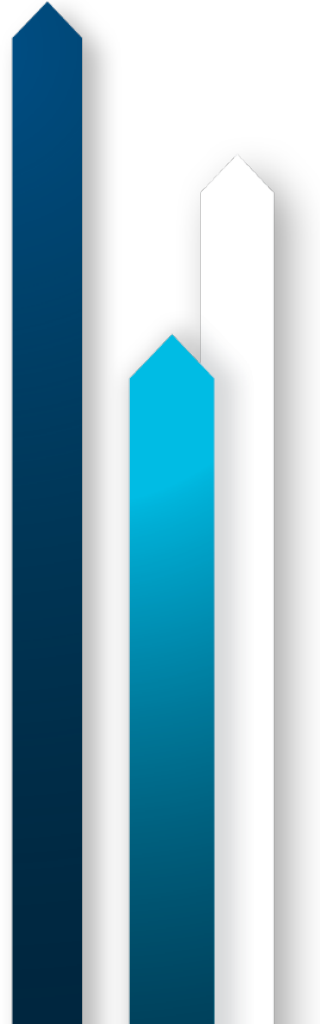


Example

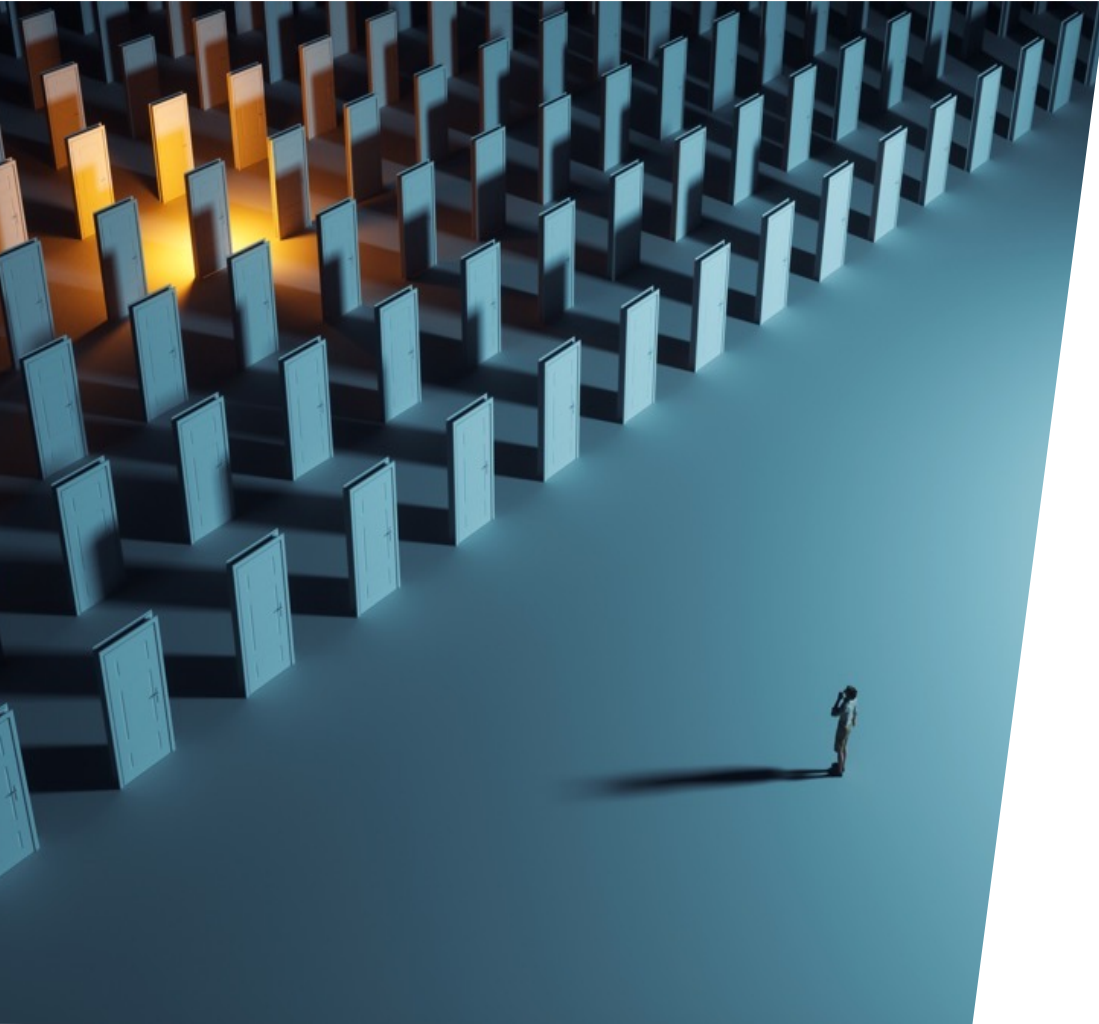


	A	B	C	D	E = D-A
Specialty	Median Compensation (Based on 2022 National Surveys)	Median wRVUs (Based on 2022 National Surveys)	Reported Median Compensation per wRVU (Based on 2022 National Surveys)	Reported Median Professional Collections (Based on 2022 National Surveys)	Net Loss to Health System Based Solely on Professional Collections
Hospitalist	\$304,669	4,314	\$73.20	\$232,606	-\$72,063

	F = B*8%	G = C*F	H = A+G	I = D*(1-1.04%)	J = I-H	K = A-H
Specialty	Example 2023 MPFS Impact - 8% (wRVUs)	"Value" of MPFS Impact (\$)	Adjusted Compensation	Adjusted Professional Collections (Decrease in Conversion Factor of 2.08% and Payer Mix Impacted)	Adjusted Net Loss to Health System Based Solely on Professional Collections	Difference in Physician Compensation
Hospitalist	345	\$25,254	\$329,923	\$230,187	-\$99,736	\$25,254



Tactics to Consider



- Maintain the use of “your” current year MPFS in 2023
- If you have implemented the 2022 MPFS, consider staying with 2022 wRVUs in 2023
- Implement the 2023 wRVUs and address individual physicians on a wRVU productivity model who may be problematic
 - Adjust compensation per wRVU; or,
 - Adjust the wRVU threshold; or,
 - Adjust both the compensation per wRVU and the wRVU threshold; or,
 - Move away from a wRVU productivity-based model



Thank you!



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