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FORECASTING THE PANDEMIC'S IMPACT ON PHYSICIAN COMPENSATION SURVEYS

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The COVID-19 Pandemic significantly impacted the 2021 Physician Compensation Surveys, so what can we predict for the 2022 surveys?

PHYSICIAN COMPENSATION SURVEYS

Physician compensation surveys are widely used by healthcare systems, hospitals, and physician practices as one source for establishing fair market value (“FMV”) compensation levels, as well as benchmarking and evaluating physician productivity based upon professional collections and work relative value units (“wRVUs”). Two well-known physician compensation surveys (“Surveys”) that report both compensation and productivity factors include Medical Group Management Association (MGMA) and American Medical Group Association (AMGA). The Surveys are published annually based on voluntary responses gathered from the healthcare industry and includes a varying mix of health systems, hospitals, medical groups, and individual physician practice respondents. In the 2021 MGMA Survey, which is based on responses from calendar year 2020, there were over 102,000 physician respondents across approximately 6,000 groups, which represents a significant portion of the approximately 1,062,000¹ active physicians in the U.S.

Examining data from the Surveys provides insight into understanding key physician compensation trends in light of evolving changes in the healthcare industry. HAI reviewed data reported by MGMA for certain physician specialties over the last several years to understand *compensation per wRVU* trends, as summarized in **Table 1**.

TABLE 1 – REPORTED COMPENSATION PER wRVU BY YEAR (MGMA)

SPECIALTY	2017 MGMA (2016 DATA)	2018 MGMA (2017 DATA)	2019 MGMA (2018 DATA)	2020 MGMA (2019 DATA)	2021 MGMA (2020 DATA)
1. FAMILY MEDICINE	\$49.49	\$49.56	\$51.14	\$51.70	\$59.69
2. INTERNAL MEDICINE	\$53.26	\$54.57	\$54.03	\$55.30	\$61.64
3. CARDIOLOGY	\$60.80	\$60.73	\$63.21	\$63.67	\$73.05
4. GENERAL SURGERY	\$63.33	\$63.61	\$65.47	\$66.83	\$74.74
5. OB/GYN	\$51.40	\$53.23	\$52.77	\$53.83	\$57.42
6. ORTHOPEDIC SURGERY	\$74.94	\$74.71	\$75.13	\$76.21	\$84.40

¹ Frédéric Michas, *Total number of active physicians in the U.S.*, as of September 2021, by state, Statista (October 18, 2021), <https://www.statista.com/statistics/186269/total-active-physicians-in-the-us/>.



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As shown above, reported compensation per wRVU steadily increase year over year until 2021, when there is a significant increase observed in the data.

COVID-19 IMPACT ON THE SURVEYS

The COVID-19 Pandemic seismically affected the healthcare industry. Following the World Health Organization’s declaration of COVID-19 a pandemic on March 11, 2020, the Centers for Medicare and Medicaid Services (CMS) and the U.S. Surgeon General recommended the postponement of nonessential surgical procedures to eliminate potential compromise to hospital resources. As a result, many health systems and hospitals began to cancel elective surgical cases (and 35 states had issued formal declarations to postpone all nonessential surgical procedures)². Patients also postponed primary care and other routine visits to their healthcare providers. It was no surprise then that physicians experienced a significant decline in their productivity levels beginning in March 2020 as evidenced by the data in the 2021 MGMA Survey (which is based on respondent data for calendar year 2020), wherein the reduction in wRVU productivity at the 50th percentile ranged from -7.2% to -15.2% for the select specialties listed in **Table 2**.

TABLE 2 – MGMA SURVEY MEDIAN PHYSICIAN wRVUs

SPECIALTY	2020 MGMA (2019 DATA)	2021 MGMA (2020 DATA)	VARIANCE - %
1. FAMILY MEDICINE	4,936	4,388	-11.1%
2. INTERNAL MEDICINE	4,804	4,279	-10.9%
3. CARDIOLOGY	8,047	6,820	-15.2%
4. GENERAL SURGERY	6,801	6,040	-11.2%
5. OB/GYN	6,814	6,321	-7.2%
6. ORTHOPEDIC SURGERY	8,449	7,465	-11.6%

Physicians employed by health systems and large medical groups are commonly paid entirely on, or incentivized above base guarantees, through compensation based on wRVU production. Although the ability to generate wRVUs was limited by the overall decline in volumes due to the Pandemic, many physicians were able to maintain (and in some cases, increase) historical compensation levels in 2020. As can be observed in **Table 3**, total compensation remained consistent from the 2020 to 2021 MGMA Survey (2019 to 2020 data) at the median.

TABLE 3 – MGMA SURVEY MEDIAN PHYSICIAN TOTAL COMPENSATION

SPECIALTY	2020 MGMA (2019 DATA)	2021 MGMA (2020 DATA)	VARIANCE - %
1. FAMILY MEDICINE	\$255,000	\$265,000	3.9%
2. INTERNAL MEDICINE	\$269,000	\$276,000	2.6%
3. CARDIOLOGY	\$529,000	\$521,000	-1.5%
4. GENERAL SURGERY	\$441,000	\$443,000	0.5%
5. OB/GYN	\$354,000	\$355,000	0.3%
6. ORTHOPEDIC SURGERY	\$619,000	\$629,000	1.6%

As a result of decreased wRVUs and static compensation, compensation per wRVU reported in the 2021 MGMA Survey is *significantly higher* than the 2020 MGMA Survey as noted in **Table 4**. In simple terms, physician wRVUs decreased more than total compensation to create inflated compensation per wRVU rates.

² Aviva S. Mattingly, Liam Rose, Hyrum S. Eddington, et al., *Trends in US Surgical Procedures and Health Care System Response to Policies Curtailing Elective Surgical Operations During the Covid-19 Pandemic*, JAMA NETWORK (December 8, 2021), <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2786935>



TABLE 4 – MGMA REPORTED COMPENSATION PER wRVU

SPECIALTY	2020 MGMA (2019 DATA)	2021 MGMA (2020 DATA)	VARIANCE - %
1. FAMILY MEDICINE	\$51.70	\$59.69	15.5%
2. INTERNAL MEDICINE	\$55.30	\$61.64	11.5%
3. CARDIOLOGY	\$63.67	\$73.05	14.7%
4. GENERAL SURGERY	\$66.83	\$74.74	11.8%
5. OB/GYN	\$53.83	\$57.42	6.7%
6. ORTHOPEDIC SURGERY	\$76.21	\$84.40	10.7%

The foregoing is just one example of how the effects of the Pandemic may introduce some doubt with respect to the reliability of certain data points set forth in the Surveys. For these reasons, those utilizing 2021 Surveys should be aware of the potential for errant results derived from the Survey data until such time as the market has had an opportunity to normalize.

PREDICTING THE FUTURE?

Having seen the effects of the Pandemic on 2021 Surveys, the question becomes, “What will the compensation and production trends be in the forthcoming 2022 Surveys (based on 2021 data) and beyond?” The answer to this depends on several factors, including, among others:

1. The Pandemic’s degree of reduction to practice and surgical volumes in 2021.
2. The degree of health system adoption of the 2021 Medicare Physician Fee Schedule (“MPFS”) for physician compensation purposes and reporting to the Surveys.

Regarding the first factor, Stanford Medicine researchers completed a study, which concluded that “By July 2020, the nation’s hospitals had ramped up surgical operations with improved safety protocols, and surgery rates began to return to – or even surpass – their 2019 levels. By the end of the year, total volume of surgeries was only 10% below the 2019 volume.”³ The rebound in volumes during the second half of 2020 continued to carry over into 2021. As a result, we expect physician wRVUs to increase in the forthcoming 2022 Surveys (based on 2021 data) relative to the 2021 Surveys.

Regarding the second factor, on December 1, 2020, Medicare released the 2021 Medicare Physician Fee Schedule (MPFS) final rule, which increased the wRVU values for common E&M office visit codes (ranging from an increase of 7.0% to 45.8%). As a result, all else being equal, office-based physician wRVU productivity will increase due to the higher E&M wRVU values from the 2021 MPFS. However, not all physicians in 2021 were compensated based on the 2021 MPFS (many operators elected to utilize the 2020 MPFS in 2021). A survey completed by ECG Management Consultants found that, as of December 2021, only 37% of organizations surveyed had adopted the 2021 MPFS.⁴ Thus, although not the majority, we expect some increase in reported physician wRVUs in the forthcoming 2022 Surveys relative to the 2021 Surveys.

In summary, based on the aforementioned factors, we can expect an increase in overall physician wRVU volumes in 2021 versus 2020, which will likely result in a decline in the reported compensation per wRVU rates for the 2022 Surveys relative to the 2021 Surveys.

³ Hadley Leggett, *Surgery rates in the U.S. rebounded quickly after initial Covid-19 shutdown*, Stanford Medicine News Center (December 8, 2021), <https://med.stanford.edu/news/all-news/2021/12/surgery-rates-covid-19.html>.

⁴ Maria Hayduk, Bridget Perkins, Brian Walther, *Market Survey: MPFS Changes and COVID-19-Related Impacts on Provider Compensation Arrangements*, ECG Management Consultants (January 19, 2022), <https://www.ecgmc.com/thought-leadership/blog/changes-to-the-2022-mpfs-final-rule-1>.

