


FMVantage Point™

HealthCare Appraisers' Industry Insight

A REVIEW OF HEALTHCARE APPRAISERS' FORECAST –

ONGOING FACTORS IMPACTING PHYSICIAN COMPENSATION SURVEY DATA

DAVID B. FINK, AM, AND NICOLE M. JACOBSEN, JD, MBA, LLM

Have the 2022 Physician Compensation Surveys normalized from the COVID-19 Pandemic, and are there other factors that could impact future surveys?

FORECASTED FACTORS IMPACTING PHYSICIAN COMPENSATION SURVEYS

In previous articles written by HealthCare Appraisers, observations were made regarding the effects that the COVID-19 Pandemic and macro healthcare industry factors had on 2021 physician compensation survey data^{1,2}. Following the release of the 2022 MGMA Survey (based on 2021 data), we examined such data to understand the extent of ongoing impacts to the Surveys from the COVID-19 pandemic, and whether the revised 2021 Medicare Physician Fee Schedule ("MPFS") has affected Survey results. This article sets forth our findings regarding such review, in addition to exploring other forthcoming industry changes that may impact future Surveys, such as the new 2022 MPFS guidelines and the 2023 MPFS Proposed Rule with respect to billing for split/shared evaluation and management ("E/M") visits.

ONGOING COVID-19 IMPACTS AND 2021 MPFS

In order to understand trends in physician productivity as measured by work relative value units ("wRVUs"), HealthCare Appraisers reviewed wRVU data from the 2020 MGMA Survey, 2021 MGMA Survey, and the most recent 2022 MGMA Survey, each of which is based on participant responses for the prior calendar year ("CY"). With reference to **Table 1**, we can infer that the COVID-19 Pandemic had a negative impact on physician wRVUs in the CY 2020 data; however, physician wRVUs increased significantly in the CY 2021 data, ranging from a low of 9% to a high of 21% for the select specialties listed in **Table 1**.

TABLE 1 – MGMA SURVEY MEDIAN PHYSICIAN wRVUs BY YEAR

SPECIALTY	2020 MGMA (2019 DATA)	2021 MGMA (2020 DATA)	2022 MGMA (2021 DATA)	VARIANCE (2021 VS. 2020)	VARIANCE (2022 VS. 2021)	VARIANCE (2022 VS. 2020)
1. FAMILY MEDICINE	4,936	4,388	5,187	-11%	18%	5%
2. INTERNAL MEDICINE	4,804	4,279	4,921	-11%	15%	2%
3. CARDIOLOGY	8,047	6,820	7,946	-15%	17%	-1%
4. GENERAL SURGERY	6,801	6,040	6,765	-11%	12%	-1%
5. OB/GYN	6,814	6,321	6,861	-7%	9%	1%
6. ORTHOPEDIC SURGERY	8,449	7,465	9,067	-12%	21%	7%

¹ David Fink, AM, Kevin Obletz, JD, CVA, *Forecasting the Pandemic's Impact on Physician Compensation Surveys* (May 2, 2022). <https://healthcareappraisers.com/forecasting-the-pandemics-impact-on-physician-compensation-surveys/>.

² Nicole M. Jacobsen, JD, MBA, LLM, James R. Hills, CPA/ABV, Kevin Obletz, JD, CVA, *The Challenges of wRVU-Based Survey Data in an Evolving Healthcare Industry* (May 11, 2022). <https://healthcareappraisers.com/the-challenges-of-wrvu-based-survey-data-in-an-evolving-healthcare-industry/>.



COMPENSATION VALUATION | AUTOMATED FMV SOLUTIONS™ | FIXED FEE PARTNERSHIP
BUSINESS VALUATION | REAL ESTATE VALUATION | CAPITAL ASSETS VALUATION

Recent MGMA data suggests physician productivity levels are increasing, and, for some specialties, CY 2021 wRVUs even exceeded CY 2019 levels, which may have been as a result of pent-up demand.

The increase in physician wRVUs, however, may not entirely be attributable to a return to pre-pandemic volumes or pent-up demand. For example, on January 1, 2021, CMS released an updated MPFS, which increased wRVU values for a number of E/M codes, and, at the time, was estimated to result in an overall 9% increase to aggregate physician wRVUs based on an analysis of Medicare claims data.³ For instance, MGMA has instructed survey participants to report wRVUs using the most recent MPFS, and while survey participants are presumably reporting wRVUs as instructed (based on the most recent MPFS), it could be inferred that this does not always happen. In particular, a December 2021 survey conducted by ECG Management Consultants⁴ indicated that 2021 MPFS was adopted by only 37% of healthcare entities for compensation purposes, suggesting that 63% have either continued to remain on the 2020 MPFS or have utilized some other fee schedule. Thus, the overall increase in wRVUs expected from the 2021 MPFS could be tempered by those healthcare entities electing to remain on the 2020 MPFS and also reporting the same in the surveys.

Overall, the two major forces yielding net increases in reported wRVUs from the Surveys is likely a result of combined effects of a return to regular practice patterns throughout CY 2021 as well as from the 2021 MPFS.

Unlike the roller coaster wRVU trends during the past three years, reported total compensation has generally remained consistent. Year over year, total compensation has been steadily climbing, and in the latest CY 2021 data, total compensation has increased over the prior year from a low of 2% to a high of 5% for the select specialties listed in **Table 2**.

TABLE 2 – MGMA SURVEY MEDIAN PHYSICIAN TOTAL COMPENSATION

SPECIALTY	2020 MGMA (2019 DATA)	2021 MGMA (2020 DATA)	2022 MGMA (2021 DATA)	VARIANCE (2021 VS. 2020)	VARIANCE (2022 VS. 2021)	VARIANCE (2022 VS. 2020)
1. FAMILY MEDICINE	\$255,000	\$265,000	\$269,000	4%	2%	5%
2. INTERNAL MEDICINE	\$269,000	\$276,000	\$281,000	3%	2%	4%
3. CARDIOLOGY	\$529,000	\$521,000	\$543,000	-2%	4%	3%
4. GENERAL SURGERY	\$441,000	\$443,000	\$455,000	0%	3%	3%
5. OB/GYN	\$354,000	\$355,000	\$367,000	0%	3%	4%
6. ORTHOPEDIC SURGERY	\$619,000	\$629,000	\$662,000	2%	5%	7%

HealthCare Appraisers previously noted that in the 2021 MGMA Survey, physician wRVUs decreased more than total compensation, which, along with inflated compensation per wRVU rates, may have raised a few questions with respect to the reliability of certain data points in the 2021 Survey. However, given the increase in physician wRVUs coupled with the stabilized total compensation levels, we should generally expect to see a normalization of compensation per wRVU rates.

In examining the CY 2021 data, although reported compensation per wRVU values are down significantly from CY 2020, the data is generally consistent with the pre-Pandemic CY 2019 data for the select specialties listed in **Table 3**.

³ Nicholas A. Newsad, MHA, *Forecasting 2021 Final Rule for Physician Practices*, HealthCare Appraisers (December 4, 2020). <https://healthcareappraisers.com/forecasting-2021-final-rule-for-physician-practices/>.

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>.



TABLE 3 – MGMA SURVEY REPORTED COMPENSATION PER wRVU

SPECIALTY	2020 MGMA (2019 DATA)	2021 MGMA (2020 DATA)	2022 MGMA (2021 DATA)	VARIANCE (2021 VS. 2020)	VARIANCE (2022 VS. 2021)	VARIANCE (2022 VS. 2020)
1. FAMILY MEDICINE	\$51.70	\$59.69	\$51.78	15%	-13%	0%
2. INTERNAL MEDICINE	\$55.30	\$61.64	\$55.31	11%	-10%	0%
3. CARDIOLOGY	\$63.67	\$73.05	\$65.70	15%	-10%	3%
4. GENERAL SURGERY	\$66.83	\$74.74	\$69.48	12%	-7%	4%
5. OB/GYN	\$53.83	\$57.42	\$54.57	7%	-5%	1%
6. ORTHOPEDIC SURGERY	\$76.21	\$84.40	\$75.27	11%	-11%	-1%

Despite this return to normalcy of certain data points, various other factors may cause a new wave of survey disruption in upcoming years.

FUTURE MPFS UPDATES

Split/Shared Rule

A split/shared E/M visit is defined as “[a]n E/M visit provided in the facility setting by a physician and an NPP [non-physician practitioner] in the same group.”⁵ Such visit may only be billed by the provider who provides “the substantive portion” of the visit, where for visits rendered 2022, the substantive portion can be determined based on (i) history, physician exam, medical decision-making, or (ii) more than half of the total time (except for critical care).⁶ Beginning in 2023, the substantive portion of the visit is defined solely as “[m]ore than half of the total time spent.”⁷ In either case, the medical record must include both providers and must be signed by the individual providing the substantive portion of the visit. However, according to the 2023 MPFS Proposed Rule, the change in definition of “substantive portion” may be delayed by one year and the 2022 definition will remain in place through CY 2023.⁸ With this upcoming change to the billing of split/shared E/M visits, the wRVU data for providers involved in these types of visits will likely be affected.

For example, physicians collaborating with multiple NPPs who previously billed for split/shared visits under their provider number could see a reduction in wRVUs as a result of the “total time spent” requirement. We initially expect a negligible effect to the Surveys as health systems work to integrate towards the total time-based split/shared billing requirement. Beginning in 2023 (or 2024 should the 2023 MPFS Proposed Rule become finalized) and beyond, we would expect some level of reduction in reported physician wRVUs for certain specialties, though the impact may only be noticeable at higher wRVU percentiles. Conversely, for APPs we should expect to see an increase in wRVU productivity in future Surveys.

Other Updates

CMS also has refined a number of other services, including critical care billings with the 2022 MPFS. Another update that will likely impact future Surveys is the extension of the telehealth services that were temporarily added during the COVID-19 pandemic. This list of telehealth services is extended through the end of CY 2023; however, at that point, only certain telehealth services will be permanently added to the Medicare telehealth services list. The 2023 MPFS Proposed Rule seeks to extend these temporarily added services for an additional 151 days into CY 2024.

Specifically, regarding telehealth services, to the extent such services are not permanently added to the Medicare list, any such services will not have a direct wRVU attributable to the service; however, it is likely that practices will also adjust their services to align with any new changes. There are also other non-CMS

⁵ 42 CFR §415.140

⁶ Id.

⁷ Id.

⁸ CY 2023 Medicare Physician Fee Schedule Proposed Rule, last accessed July 8, 2022 from <https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2023-medicare-physician-fee-schedule-proposed-rule>



changes in the healthcare industry that will likely impact wRVUs – most notably being the ongoing shift from volume to value. Since value-based models are driven by patient outcomes instead of volume, the increased adoption of value-based models may provide some level of downward pressure in reported wRVUs.

CONCLUSION

While the 2022 MGMA Survey results appear to have generally normalized to pre-Pandemic levels, a number of other factors continue to impact current (and likely future) data. Careful examination of these major factors is essential to ensure reasonable and appropriate interpretation and application of 2022 surveys and beyond. HealthCare Appraisers has extensive experience valuing provider compensation arrangements and assisting its clients in developing innovative, practical, and compliant solutions in light of any potential survey data anomalies.

