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HEALTHCARE MANAGEMENT ADVISORS

Don’t Forget the Second Wave of WRVU Changes

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THE FIRST WAVE

2021 was the big year for WRVU changes associated with CMS’s extensive and far-reaching updates to the Medicare Physician Fee Schedule (MPFS). The changes, designed to ultimately be budget neutral, restructured reimbursement to increase payments to cognitive specialists (such as primary care and other medical specialties) and reduce reimbursement to procedure-based specialists.

These goals were accomplished primarily through two changes:

1. Changes to the Work RVUs (WRVUs) assigned to individual CPT codes – most notably, increased WRVUs assigned to the E&M CPT codes which represent the largest source of revenue for cognitive specialties; and
2. Reduction in the conversion factor (which determines payment levels).

Since then, health systems have been challenged with the impact of the WRVU changes on their productivity-based compensation plans. Further, the changes wreaked havoc on the market data i.e., the surveys, which most health systems and compensation professionals rely on in evaluating and determining provider compensation.

THE SECOND WAVE

Many professionals thought disruption to the market data and compensation plans was behind us and that the more reliable market data, which would reflect compensation (and WRVUs) under the new fee schedule, was around the corner. But CMS issued a final rule that included additional updates and policy changes to the MPFS effective January 1, 2023.

The 2023 MPFS includes statutory budget neutrality adjustments, and, similar to the approach finalized in the 2021 change with regard to outpatient E&M codes, an overall increase in work Relative Value Units for evaluation and management (E&M) services in hospitals and nursing facilities. Table 1 includes the most commonly used E&M codes WRVUs in hospitals and nursing facilities and the associated WRVU changes.

Table 1

Selected CPT Code Values					
			WRVU Value		
Place of Service	CPT Code	Description (2023)	2022	2033	Percent Change
Hospital	99232	Sbsq hosp ip/obs moderate 35	1.39	1.59	14%
	99233	Sbsq hosp ip/obs high 50	2.00	2.40	20%
	99234	Hosp ip/obs dschrg mgmt >30	1.90	2.15	13%
	99235	1st hosp ip/obs moderate 55	2.61	2.60	0%
	99236	1st hosp ip/obs high 75	3.86	3.50	-9%
	99237	Sbsq hosp ip/obs sf/low 25	0.76	1.00	32%
	99238	Hosp ip/obs dschrg mgmt 30/<	1.28	1.50	17%
	99239	Deleted, Replaced with 99223	3.56	3.50	-2%
	99240	Deleted replaced with 99238	1.28	1.50	17%
Nursing Facility	99304	1st nf care sf/low mdm 25	1.64	1.50	-9%
	99305	1st nf care moderate mdm 35	2.35	2.50	6%
	99306	1st nf care high mdm 45	3.06	3.50	14%
	99307	Sbsq nf care sf mdm 10	0.76	0.70	-8%
	99308	Sbsq nf care low mdm 15	1.16	1.30	12%
	99309	Sbsq nf care moderate mdm 30	1.55	1.92	24%
	99310	Sbsq nf care high mdm 45	2.35	2.80	19%
	99315	Nursing fac discharge day	1.28	1.50	17%
	99316	Nursing fac discharge day	1.90	2.50	32%

The extent to which the WRVU changes will impact individual providers depends on the extent to which providers see patients in the hospital (or nursing facility) setting and whether they are on WRVU based compensation model. We know that a material portion of inpatient hospital care is provided by hospitalists. Veralon reviewed national utilization data for hospitalists to estimate the potential impact on WRVUs. Based on this analysis, a typical hospitalist will generate 11 percent more WRVUs for the same number of hospital visits. This will flow directly to compensation under a productivity-based model.

Other specialists that provide a portion of their total basket of services in the hospital or nursing facility setting will be impacted as well. Providers in the post-acute setting paid based on WRVUs, may, without mitigation, see material increases in compensation.

We note that while not included in Table 1 above, CMS also made changes to the codes associated with home visits.

Health systems, (and other employers utilizing WRVUs in compensation plans) should be aware of the impact of the changes in the MPFS on provider compensation plans for specialties most likely to be affected.