People. Trust. Results.
Since 1960

# Medicare Payment Advisory Commission Makes Recommendations to Revalue E/M Codes in the Medicare Physician Fee Schedule

The Medicare Payment Advisory Commission's (MedPac) June 2018 report (The Report) to Congress, Medicare and the Health Care Delivery System, makes recommendations to 'rebalance' Medicare's physician fee schedule toward ambulatory Evaluation and Management (E/M) services citing its ongoing concern that E/M services have become undervalued in the Fee Schedule relative to other services which could limit beneficiary access to E/M services. For the sake of The Report, "ambulatory E/M services" are defined as office visits, home visits, and visits to patient in certain non-inpatient hospital settings including nursing facility, domiciliary, rest home and custodial care.

Payment rates in the fee schedule are based, in part, on a calculation of clinician time, technical skill, mental effort and risk associated with performing the service. According to The Report, ongoing advances in technology, technique and clinical practice create efficiencies in rendering services such as surgical procedures and imaging, reducing the amount of clinician time and effort required to perform them over time which ultimately allows performing more of them per day. E/M services, on the other hand, essentially do not benefit from efficiency gains due to the labor- and time-intensive nature of the service in taking patient histories, performing physical examinations, decision-making and coordinating care. MedPac contends that, essentially, reimbursement for procedures and other specialty-centered services has simply outpaced the E/M codes, leaving them undervalued for payment purposes.

In the Report, MedPac recommends a budget-neutral approach for procedures and other services that have realized efficiency gains to be recalculated and repriced so they don't remain artificially high. Likewise, ambulatory E/M services would be repriced so they are no longer undervalued in the Fee Schedule. Although the data suggests that E/M rates could rise by as much as 30%, it uses 10% to illustrate the potential net change in fee schedule rates that different specialties should expect to see should CMS take MedPac's advice. For example:

| Specialty | Net Change |
|---|---|
| Endocrinology | 6.6% |
| Family Practice | 4.9% |
| General Practice | 3.9% |
| Medical Oncology | 2.9% |
| Hematology | 2.8% |
| Urology | 1.9% |
| Internal Medicine | 1.9% |
| General Surgery | -1.5% |
| Nephrology | -1.6% |
| Nuclear Medicine | -3.2% |
| Radiation Oncology | -3.2% |
| Interventional Radiology | -3.5% |
| Diagnostic Radiology | -3.8% |
| Pathology | -3.8% |

It's not known if CMS will implement changes to the fee schedule based on the June 2018 report and indeed, MedPac has made similar recommendations in previous reports. As always, APS will continue to monitor related industry activities to keep our clients informed of changes.

For The Report's Fact Sheet, visit:
http://www.medpac.gov/docs/default-source/publications/june2018_medpac_report_factsheet_sec.pdf?sfvrsn=0

The Full Report can be accessed at:
http://medpac.gov/docs/default-source/reports/jun18_medpacreporttocongress_sec.pdf?sfvrsn=0

*Information provided by APS Medical Billing, July 2018*