

Congress Mitigates Medicare Payment Cuts in Year-End Omnibus Spending Package

AUGS in conjunction with our colleagues in the surgical community was successful in advocating for Congress to mitigate the Medicare payment cuts finalized under the Calendar Year 2021 Medicare Physician Fee Schedule that were scheduled to take effect on January 1, 2021. These payment cuts, necessitated by Medicare budget neutrality rules, were promulgated by the Center for Medicare and Medicaid Services (CMS) to offset the payment increases for office-based Evaluation and Management (E/M) services and other spending increases under the fee schedule.

The year-end COVID relief and omnibus spending bill approved by Congress and signed into law on December 27th, included provisions to stop the implementation of the CMS proposed and finalized new add-on code for complex primary care services for three years, until January 1, 2024. The savings from the delay will be applied across the fee schedule and are intended to reduce the budget neutrality cuts by 35-40%. Congress also provided additional relief for health care providers from the COVID pandemic by providing a one year 3.75% increase to all payments for physician services under the Medicare fee schedule in calendar year 2021. CMS was given the ability to implement this without rulemaking, and has published the following:

Physician Fee Schedule Update

On December 27, the Consolidated Appropriations Act, 2021 modified the Calendar Year (CY) 2021 Medicare Physician Fee Schedule (MPFS):

- *Provided a 3.75% increase in MPFS payments for CY 2021*
- *Suspended the 2% payment adjustment (sequestration) through March 31, 2021*
- *Reinstated the 1.0 floor on the work Geographic Practice Cost Index through CY 2023*
- *Delayed implementation of the inherent complexity add-on code for evaluation and management services (G2211) until CY 2024*

CMS has recalculated the MPFS payment rates and conversion factor to reflect these changes. The revised MPFS conversion factor for CY 2021 is 34.8931. The revised payment rates are available in the Downloads section of the CY 2021 Physician Fee Schedule [final rule \(CMS-1734-F\)](#) webpage.

Depending on code-specific changes in payment that may be occurring in 2021, e.g., changes in individual code RVU values, the 3.75% payment increase for all fee schedule services in 2021 should hold some surgical procedures that urogynecologists perform close to harmless this year or it may result in a small payment reduction for said service. Additionally, AUGS members who bill office-based E/M services will benefit from having the 3.75% increase added on to the new payment increases for E/M services provided under the Medicare fee schedule. The AUGS Coding Committee will have educational materials on the E/M services coding and billing changes on the Practice Management page of the webpage, shortly.

The mitigation of the Medicare physician payment cuts was the culmination of an enormous advocacy effort by surgical specialties and other health care professionals impacted by the cuts. Thank you to all AUGS members who joined this effort by sending messages to Congress either through the Surgical Care Coalition website or through personal communications. The tremendous pressure put on Congress to address this critical issue was the catalyst for change and AUGS is proud of our members' contributions that helped secure this win, which is quite a significant achievement.