

# Working Hard(er) For The Money - CMS's New Proposal For Physician Fees



By *Chuck Dinerstein* — July 26, 2018



Courtesy of National Archives and Records Administration [1]

The Centers for Medicare and Medicaid Services (CMS) released proposed changes for payments for 2019. The medical media and the various professional societies are busy identifying the losers and winners. For a move that will affect all physicians and impacts approximately 1.5% of our GDP [1], we deserve to know more about these changes than a self-serving summary of winners and losers.

## **The Current System**

Practitioners [2] are currently paid for five levels of office visits based on how broad a patient history, how extensive a patient examination and how complex the medical “decision making” (Hint – the greater the risk to the patient, the more complex the decision making.) Increasing work leads to increasing payment. Each level requires documentation of more work, after all “if it is not in the notes, it didn’t happen.” Our electronic billing systems, which many continue to call electronic medical records in the mistaken belief their real purpose is to record patients care, require physicians to redundantly re-enter data already present in the record and verify the data entered by a nurse, physician assistant or scribe to meet the payments’ documentary obligations. Most electronic medical records prompt practitioners attesting (signing) their note, as to the level of service met so that documentation matches regulatory requirements, they also provide a moment to see if a higher code might apply.

## **The Proposal**

In response to many years of provider complaints, CMS proposes to reduce documentation,

“eliminating this administrative burden” to a note containing the patient’s problem, an appropriate examination based on that problem and the medical decision making necessary to properly advise and treat the patient. Alternatively, for billing purposes, physicians could document the time spent with the patient. CMS expects that physicians will continue to “perform and document E/M [office] visits as medically necessary for the patient to ensure quality and continuity of care.” To the cynics that believe practitioners will now reduce their care and documentation, rest easy, malpractice attorneys will make sure documentation is maintained at a high level. In exchange for this reduction in “administrative burden,” CMS will collapse the types of office visits to two; a brief follow up, “Hi, how are you, keep up the good work,” and all others. In reducing four levels into one, CMS is also blending the payments for those care levels into one. The professional societies are reporting to their members, the change in fees more than the documentary changes.

### **Winners and Losers**

Surgeons and other “doers” of procedures derive most of their income from doing, so changing office visits payments have less impact on their income. The much-decried losers are practitioners who frequently provide more complex office care, oncologists, neurologists, or endocrinologists [3]; the winners, practitioners who more regularly billed for less complicated care. As you would expect specialists seeing the most significant cuts to their income are shouting the loudest; the winners are quiet, no sense gloating and calling attention to yourself. Primary care, a specialty we all honor in word rather than deed is given a small crumb.

### **What you learn from actually reading the proposal**

Few physicians will read the 1500 page proposal, naively believing that their professional societies will be faithful agents on their behalf. They are mistaken. The first beneficiary of these changes will be CMS because it reduces their administrative burden and costs for auditing charts for billing compliance; as long as there is a history, examination of some sort and a decision, payment is approved. The only remaining discriminator of the “level of service” is the time physicians spend with a patient; after all, as CMS points out, many professional societies have told them that time is a good measure of the complexity of care. From my view, taking the longer view of how physician work is “valued,” complexity of care is no longer the measure of work, physicians are being put on the clock. We are becoming hourly employees.

### **Time is Money**

CMS feels that the typical time for caring for a new patient is 38 minutes, 31 minutes if you have been seen previously. To further level the payment field, primary care providers often tasked with coordinating care among a patient’s specialists can bill an additional 1.75 minutes (\$6) – I can be on the phone waiting to talk to another physician that length of time. And if care is really more complex, and this is directed at the losers mentioned earlier, CMS allows billing another 8.25 minutes (\$12.50); when care is really, really, really complex and you need more time, one final code bills for an additional 30 minutes. When all the extra codes have been added an hour of practitioner care is paid at \$177 for a new patient and \$165 for established patients. [4]

Once you put physicians on the clock you not only establish our hourly rate but set a maximum of patients you can see in our typical day. (Roughly 20 patients in a ten hour day with a sprinkling of

those “hi and bye” patients seen by non-physicians). Once you deduct expenses, a physician solely providing care through office visits caps out at about \$140,000 annually. And while this is a good annual income, when you have over \$190,000 in school debt, the situation for 86% of new physicians, and want to start a family and settle down, it leads to difficult financial times.

Physicians who want a higher income will have few options. They can become employees of health systems hoping they shift a bit of the revenue created by ordering tests and consultations in their direction. They can hire more mid-level providers who are paid less than their billings bring in, keeping the difference. Physicians can provide other “doing” services, like laser hair removal, a bit of Botox or a line of personalized supplements. Ironically, as CVS begins to morph into a primary care office, primary care providers are morphing to look more like CVS. Is that what we really want?

Are physician leaders, the ones entrusted to speak for physicians and their patients speaking to this issue? Unfortunately, the answer is no, instead they focus on the short-term winners and losers. Instead of sitting down and doing the hard work of revising physician payment, and with all the voices involved it is hard, they instead protest while joining with CMS in building upon an increasingly flawed foundation.

[1] Healthcare consumes 18% of our GDP, 20% of healthcare services are paid to physicians and of that 40% are for office visits. With a 19 trillion dollar GDP, we are talking about \$270 billion in payments for office visits.

[2] Practitioners includes physicians, nurses, nurse practitioners and physician assistants all of whom can bill for various patient visits.

[3] Physicians who care for cancer, diseases of the nerves and diseases of metabolism respectively. The other “losers” include allergists, otolaryngologists (caring for ear, nose and throat diseases), pulmonary medicine, radiation oncologists (providing radiation therapy for cancers), rheumatology, and dermatologists. The winners include obstetrician/gynecologists, nurse practitioners, physician assistants, optometrists, urologists, hand surgeons, and psychiatrists.

[4] CMS has even calculated the time necessary to educate a patient and obtain consent for major procedures including open and minimally invasive care – 20 minutes.

Source: [Medicare Program; Revisions to Payment Policies under the Physician Fee Schedule and Other Revisions to Part B for CY 2019; Medicare Shared Savings Program Requirements; Quality Payment Program; and Medicaid Promoting Interoperability Program](#) [2]

**Source URL:** <https://www.acsh.org/news/2018/07/26/working-harder-money-cmss-new-proposal-physician-fees-13226>

**Links**

[1] [https://upload.wikimedia.org/wikipedia/commons/4/4e/MOTHER\\_OF\\_THE\\_ASSEMBLY\\_LINE\\_-\\_Clip\\_spring\\_and\\_bodt\\_assembly\\_for\\_.30\\_caliber\\_cartridges\\_at\\_the\\_Frankford\\_Arsenal...\\_-\\_NARA\\_-\\_195919.jpg](https://upload.wikimedia.org/wikipedia/commons/4/4e/MOTHER_OF_THE_ASSEMBLY_LINE_-_Clip_spring_and_bodt_assembly_for_.30_caliber_cartridges_at_the_Frankford_Arsenal..._-_NARA_-_195919.jpg)

[2] <https://s3.amazonaws.com/public-inspection.federalregister.gov/2018-14985.pdf>