Policy Brief: Payment for Office Visits, Obstetric Care, and Surgical Services in 2021

The American College of Obstetricians and Gynecologists (ACOG) is committed to ensuring women's health services are reimbursed equitably and sustainably. We advocate year-round on behalf of obstetrician-gynecologists across federal and state governments, with private payers, and within the house of medicine code creation process. This policy brief details potential changes to physician payment in 2021 and ACOG's advocacy efforts for Fellows to join.

Medicare payment policies are the foundation of physician payment and impact all obstetrician-gynecologists.

Medicare payment rates are a benchmark for all physician reimbursement, including payment from Medicaid programs and private payers. Each year, the Centers for Medicare and Medicaid Services (CMS) updates the Medicare Physician Fee Schedule to establish the value of Current Procedural Terminology (CPT) codes and estimate the utilization of Medicare services for the next calendar year. A conversion factor, or multiplier, is calculated based on the utilization estimates and is used to determine the payment rate for each service. The annual changes that CMS makes to the Medicare Physician Fee Schedule are required to be budget neutral, meaning Medicare expenditures cannot significantly increase or decrease from year to year. This is achieved by adjusting the conversion factor based on estimated service utilization.

In 2021, payment rates and documentation requirements will change for standalone physician office visits.

CMS finalized major changes to outpatient/office visit Evaluation and Management (E/M) services beginning in January 2021. These changes include:

- Increased code values for outpatient E/M office visits, which will result in payment increases for some office visits
- Documentation based on medical decision making or total time on the date of the visit instead of history and physical exam

In the 2021 proposed rule, CMS indicated that they plan to move forward with these changes as planned. For more information on the 2021 outpatient E/M changes, visit our website.

ACOG Advocacy: ACOG supported the payment increases for outpatient E/M office visits and the streamlined documentation requirements and we joined with the physician community to urge CMS to accept these recommendations. We continue to participate in expert workgroups for the new E/M codes.

In the proposed 2021 Medicare Physician Fee Schedule, CMS indicated that the agency will move forward with significant payment changes for office visits, obstetric care, and surgical services.

Conversion Factor \[ \times \] Code Value \[ = \] Medicare Payment Rate
The annual Medicare conversion factor for 2021 will be significantly reduced due to increased Medicare spending on outpatient E/M services.

Since changes to the Medicare Physician Fee Schedule are required by law to be budget neutral, CMS must reduce the annual conversion factor in 2021 to offset an expected increase in utilization of services. Consequently, the 2021 conversion factor is almost 11 percent lower than the 2020 conversion factor.

ACOG Advocacy: ACOG is partnering with physician and other health care professional societies to ask Congress to waive the budget neutrality requirement.

Per ACOG’s recommendation, CMS is proposing to apply the payment increases for outpatient E/M services to the global obstetric codes.

Obstetric care is typically paid for using global codes, meaning that prenatal and postpartum office visits and labor and delivery are paid for all at once using a single code. The prenatal and postpartum office visits in the global code have historically been valued to equal the E/M code values. In 2020, CMS did not apply the increased E/M code values to the global obstetric or surgery codes. ACOG launched a comprehensive advocacy campaign to urge CMS to apply the E/M increases to the global obstetric codes.

ACOG Advocacy: ACOG worked around the clock to stop these payment cuts, and our advocacy was successful! CMS is proposing to apply the E/M increases to the global obstetric codes in 2021.

CMS is moving forward with 2021 payment cuts to all surgical services, including gynecologic care. Congress must act to stop these unfair cuts.

In the 2021 proposed rule, CMS did not propose to apply the E/M increases to the global surgery codes even though these code values also include outpatient E/M services. Due to this decision and the reduction in the annual conversion factor, payments will be reduced by an estimated 7 percent for gynecologic surgery services.

ACOG Advocacy: For over a year, ACOG has called on CMS to reverse the harmful cuts to surgical services. We are now calling on Congress to pass legislation to stop these cuts before they are implemented in January 2021. Keep up with our ongoing advocacy work here.