

Physician Issue Summary - CMS Proposed 2022 Rule for MPFS

Issue: CMS is proposing to increase the labor cost rates, which are part of the practice expense RVUs. Since this is being done in a budget neutral way, the proposal leads to the reduction of many office-based procedures by more than 20%, potentially making them financially inviable in the physician office setting.

Impact: Services performed in the office and that have high supply/device/equipment costs and lower labor costs (like the UroLift® System procedure) will have significantly reduced payment in the office setting. In some cases, payment could be below the actual cost of the supply/device/equipment. As a result, performance of these services may move from physician offices to more costly settings, such as the HOPD or ASC.

Key Points:

- Office-based treatment represents a less expensive and high-quality setting for many urology procedures
- Medicare payment typically is higher for a service performed in the HOPD or ASC setting compared to the office setting. Office-based treatment is more accessible and less expensive for patients
 - Patient's coinsurance may be higher because of higher payment rates in the HOPD and ASC settings compared to the office setting
 - Patients find physician offices to be more convenient than other care settings, and, when asked, many patients would prefer to have a minor procedure performed in a doctor's office²

If payment does not cover actual costs, physicians may not be able to offer these services to the patient, potentially limiting treatment options and Medicare beneficiaries' access to care

Request: While it is necessary to update labor costs, CMS must delay implementation of its proposal to update the labor rates until it can consider other methodologies and discuss with stakeholders alternative implementation ideas that will not negatively affect patient access, place of service, or gross underpayment for services that have high supply, device, or equipment costs associated with them.

Letter to CMS from a Vascular Surgeon: this link goes to a letter of comments to CMS on the public comments page, where all comments received are published.

<https://www.regulations.gov/comment/CMS-2021-0119-14146>

1. Eure, J Endourol 2019
2. <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/finding-the-future-of-care-provision-the-role-of-smart-hospitals>

