

## RIP wRVU Physician Compensation Model

The Medicare Physician Fee Schedule increased the wRVU values for E&M codes and began a **steady decline in the conversion factor** in 2021, causing havoc to survey-based wRVU physician compensation models.

### Ancore's POV

Tweaking your productivity-based physician compensation model is only a band-aid solution.

The pain will only continue in future years until medical groups and physician leaders **proactively reimagine the purpose of the employed medical group** and realign their structures, reporting, and incentives, including their physician compensation model.

For help reimaging the employed medical group, contact us:  
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2020

Effective Conversion Factor: \$36.09

2021

Effective Conversion Factor: \$34.89

**Change: -3.3%**

- **20%** wRVU increase for E&Ms offset by a decrease in the conversion factor
- Last-minute Congressional intervention delays G221X E&M add-on codes to 2024 and provides a one-time \$3B increase in funding to raise conversion factor 3.75%

2022

Effective Conversion Factor: \$34.18

(conversion factor = \$34.61; sequestration average = 1.25%)

**Cumulative Change: -5.3%**

- Protecting Medicare and American Farmers from Sequester Cuts Act:
  1. Provides one-time funding to increase conversion factor 3%
  2. Phases-in 2% sequestration in Q2 and Q3
  3. Delays 4% PAYGO cut from high deficit spending in 2021 from 2022 to 2023

2023 and Beyond

Effective Conversion Factor: \$32.25

**Cumulative Change: -10.6%**

- Extra funding for 3% increase in conversion factor expires
- PAYGO cuts reimbursement 4% for 2023
- G221X codes return in 2024, increasing E&M wRVUs and decreasing conversion factor ~4% indefinitely