

Challenges in Using National Survey Compensation Data

Historically, provider compensation and productivity surveys have been key components in determining fair market value (FMV) for provider compensation and per work relative value unit (wRVU) compensation rates. Surveys from the Medical Group Management Association (MGMA), the American Medical Group Association (AMGA), and other organizations provide market benchmarks useful for constructing provider offers, designing compensation plans, and determining FMV.

A confluence of issues will create problems as organizations use and interpret these survey data in the immediate future.

Issue #1: Reduced volume during the COVID-19 pandemic will lead to artificially high per wRVU compensation rates in surveys based on 2020 data.

It is no surprise that, for most physician specialties, patient volume decreased during 2020. When comparing MGMA data for 2019 and 2020, we see median wRVUs decrease by more than 10% for 42 out of 71 specialties analyzed. Anecdotally, we observed many organizations take measures to protect provider compensation during the pandemic despite decreased volume. These observations are confirmed within the same data, as 56 out of the 71 specialties reported 2020 median compensation to be within 5% of 2019 median compensation. As a result of fewer wRVUs and stable compensation, the median compensation per wRVU increased by more than 10% for 38 out of the 71 specialties. See accompanying figure for more details.

In Family Medicine, for example, median compensation per wRVU increased from \$52.00 to \$59.69. This change is not reflecting a fundamental increase to primary care rates, but rather an artifact of temporarily depressed wRVUs during 2020. Using this rate could lead to unsustainably high compensation or create FMV issues...likely both.

Issue #2: For many specialties, changes to the 2021 Medicare Physician Fee Schedule (MPFS) will result in wRVU production that is significantly higher than levels reported in surveys using data from prior years.

One key change to the 2021 MPFS is an increase to the wRVUs associated with office visit (Evaluation and Management) CPTs. Therefore, providers delivering a high volume of office visits will achieve substantially more wRVUs for the same volume. Another key change is a 3.4% decrease to the conversion factor, resulting in a decrease in professional revenue per wRVU. Thus, maintaining compensation rates per wRVU could increase total compensation by 5% to 25% depending on service mix. Without a corresponding increase to professional revenue, this is unsustainable for most organizations.

Follow the link at the right to read a specific example of these issues and learn how HSG is helping organizations navigate them.

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<https://hsgadvisors.com/articles/misusing-provider-compensation-survey-data-in-2021-and-beyond/>

