

Part B Insider (Multispecialty) Coding Alert

Physician Notes: Feds Adjust 2022 Conversion Factor By 3%

Congress offers help to circumvent CAA update.

With the Omicron variant wreaking havoc, Part B providers already have a lot on their plates. Recent legislation acknowledges COVID-induced setbacks with an olive branch for 2022.

Details: On Dec. 10, 2021, President **Biden** signed the Protecting Medicare and American Farmers from Sequester Cuts Act into law, offsetting impending 2022 Medicare payment cuts.

Industry organizations expressed glee over the congressional changes because without the updates and support, most providers would be forced to tighten their belts with the bleak reimbursement prospects. One of the most critical policy turnarounds included a change to the 2022 Medicare Physician Fee Schedule (MPFS) conversion factor (CF).



After the Centers for Medicare & Medicaid Services (CMS) released the calendar year (CY) 2022 MPFS in November 2021, a general outcry arose over the \$1.30 decrease to the CF, dropping it from \$34.89 to \$33.59. Plus, as the 3.75-percent increase to the CF mandated by the Consolidated Appropriations Act, 2021 (CAA) was set to expire, provider groups voiced concerns over the payment cuts with COVID expected to fiscally hurt practices again in 2022 (see Part B Insider, Vol. 23, No. 1).

The feds moved swiftly to alleviate outrage over the CF decrease and to also address other payment issues industry groups had advocated over the last few months. Congress increased the rate for 2022 by 3 percent, according to the legislation.

Reminder: Simply put, the CF is a critical part of the resource-based relative value scale (RBRVS), the complex formula CMS uses to establish payment for services. CMS uses relative value units (RVUs) for services based on the work, practice expense (PE), and malpractice insurance (MP) involved. They are then "adjusted by geographic practice cost indices (GPCI) to reflect the variations in the costs of furnishing the services," CMS reminds in guidance. Then everything is multiplied by a final multiplier - the CF - to produce a dollar value using the following formula:

$$\text{Payment} = [(\text{RVU work} \times \text{GPCI work}) + (\text{RVU PE} \times \text{GPCI PE}) + (\text{RVU MP} \times \text{GPCI MP})] \times \text{conversion factor (CF)}.$$

Industry insight: The AMA lobbied congress from the get-go on this change. "The wheels of Congress don't always move quickly, but today they did move toward preserving the viability of physician practices and maintaining access to care," cheers AMA President **Gerald E. Harmon, MD**, in a release.

Resource: Review the law at www.congress.gov/117/plaws/publ71/PLAW-117publ71.pdf.