



Policy Update: Cuts to Hospitalist Medicare Reimbursement in 2021

The Issue:

The 2021 Medicare Physician Fee Schedule (PFS) final rule includes adjustments to Evaluation & Management (E/M) code payment rates under Medicare Fee for Service billing. However, all changes under the PFS are required to be budget neutral, which means that an increase in payment for some services must be accompanied by payment cuts for other services. On December 1, 2020, CMS finalized E/M payment increases for outpatient primary care services that will lead to detrimental budget neutrality cuts across the PFS, hitting hospital care services hard. **SHM estimates these payment adjustments will lead to up to an 8% decrease in Medicare Fee for Service revenue for hospitalists. This payment cut will go into effect on January 1, 2021.** Much of the PFS will see reduced payment rates; however, hospital medicine is one of the specialties expected to see the most extreme payment cuts.

SHM Advocacy Efforts:

SHM has consistently and vocally advocated against these payment cuts and have supported policies that properly value both inpatient and outpatient E&M services. Over the past year, SHM has engaged formally and informally with Congress and the administration on this issue. We have supported and proposed solutions ranging from fully opposing these payment changes for the duration of the COVID-19 public health emergency to temporarily waiving budget neutrality requirements to supporting legislative fixes to mitigate these budget cuts.

Throughout our advocacy work, we emphasized the central role hospitalists are playing in responding to the COVID-19 pandemic and how the proposed budget neutrality cuts would be particularly detrimental amid the chaos of 2020. SHM will continue to advocate on this issue and continue our longstanding work to ensure that hospital medicine's vital role in the healthcare system.

Learn more about some of our advocacy efforts:

- [SHM Comments on the 2019 Physician Fee Schedule Proposed Rule](#) (Sept 2018)
- [SHM Sends Letter to AMA on Facility E&M Codes](#) (Oct 2018)
- [SHM Joins Multi-Stakeholder Letter on Budget Neutrality for Office Visits](#) (July 2020)
- [SHM Sends Letter Regarding Budget Neutrality in the Physician Fee Schedule Proposed Rule](#) (Sept 2020)
- [SHM Comments on the 2021 Physician Fee Schedule Proposed Rule](#) (Oct 2020)
- [SHM Urges Congress to Reverse Changes in Reimbursement Rates Under 2021 Medicare Physician Fee Schedule](#) (Dec 2020)
- [SHM Supports the Holding Providers Harmless from Medicare Cuts During COVID-19 Act of 2020](#) (Dec 2020)
- [SHM and Other Specialties Send Letter to Congressional Leaders Urging Relief from 2021 Medicare Reimbursement Cuts](#) (Dec 2020)



Take Action:

The Holding Providers Harmless from Medicare Cuts During COVID-19 Act of 2020 (H.R. 8702) is a piece of bipartisan legislation that will alleviate payment cuts resulting from budget neutrality adjustments in the 2021 Medicare Physician Fee Schedule (PFS) rule. This critical bill will provide two years of stabilizing relief for providers slated to receive reduced Medicare PFS reimbursement beginning in 2021. SHM supports this legislation as a short-term fix and will continue to work on longer-term solutions.

To learn more about this legislation and to send a message to your representative in support of this bill, visit our [legislative action center](#) and send a message today!