

## Strengthen Primary Care: Ensure Appropriate Payment

In January 2021, the **Centers for Medicare & Medicaid Services (CMS)** is scheduled to increase **payments for Evaluation and Management (E/M) services**.

E/M codes are a category of Current Procedural Terminology (CPT) codes that physicians and others use to bill for services (e.g., office/outpatient visits) that include diagnosis and management of patients' chronic conditions, treatment of acute illnesses, and development of care plans. **The E/M services are frequently billed by family physicians and comprise the core set of codes for most primary care practices.**

**The overall complexity of primary care patient visits has increased** as the number of issues addressed in each visit has increased, the demographic diversity of patients has expanded, and commonly used medications and other treatments have evolved. At the same time, **E/M services have been and remain undervalued relative to other services in the Medicare physician fee schedule.** These low values are a leading contributor to primary care spending, representing less than 5% of total spending by Parts A, B, and D of the Medicare program.

In the 2020 Medicare Physician Fee Schedule (MPFS) final rule, **CMS made payment changes to help address the imbalance between E/M and procedural services.** The 2020 MPFS increased the value of E/M services, as recommended by the American Medical Association Relative Value Scale Update Committee (RUC) and established an add-on code for prolonged visits to compensate clinicians for the additional time and energy required to appropriately care for patients with complex health care needs. These important changes take effect in 2021. Despite strong support, there have been efforts to stall or reverse CMS' actions.

**Now more than ever, patients need access to the continuous, comprehensive care that primary care physicians provide. Congress must ensure that CMS implements scheduled increases to Medicare E/M payments.**

### **Address Disparities in Payment between Medicaid and Medicare Rates**

While changes to Medicare reimbursement policy are one way to address the historic undervaluation of primary care, Medicaid payment rates also must be adjusted to reflect the cost of providing care. Family physicians care for patients throughout their lives — infants, adolescents, maternity care, adults, and the elderly. This comprehensive, well-rounded care of the entire family is particularly important in underserved communities to identify unmet needs such as food access and housing.

Nationwide, Medicaid payment is 66% of the Medicare rate for primary care services and can be as low as 33% of the Medicare rate, depending on the state. Lack of parity between these rates has disproportionately impacted access for rural, low-income, disabled, and elderly Medicaid enrollees, as many physicians are unable to assume responsibility for new Medicaid patients due to low payment rates.

**The COVID-19 pandemic has increased the number of individuals who are eligible for Medicaid which further increases the demand for primary care physicians.** When Congress raised Medicaid primary care payment rates to Medicare levels in 2013 and 2014, patient access improved. Primary care physicians commit themselves to a long-term relationship with their patients and provide not only

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first-contact and preventive services but also long-term care for chronic conditions. Vulnerable populations need access to comprehensive primary care, especially now. **Congress should enact legislation now to increase Medicaid payment rates for primary care to at least Medicare levels and expand patients' access to care, such as the *Ensuring Access to Primary Care for Women and Children Act* and the *Kids Access to Primary Care Act* ([H.R. 6159](#)).**

**The AAFP urges legislators to maintain support for the payment policies that CMS finalized in the 2020 Medicare Physician Fee Schedule and to cosponsor the *Ensuring Access to Primary Care for Women and Children Act* and the *Kids Access to Primary Care Act***

## Resources

- **AAFP Summary of the 2020 Medicare Physician Fee Schedule Final Rule:**  
<https://www.aafp.org/dam/AAFP/documents/advocacy/payment/medicare/feesched/ES-2020FinalMPFS-11>
- **October 31, 2019, AAFP letter to Congress on 2020 Medicare Physician Fee Schedule:**  
<https://www.aafp.org/dam/AAFP/documents/advocacy/payment/medicare/feesched/LT-Congress-2020MPFSPPrimaryCareUpdates-103119.pdf>
- **AAFP Response to 2020 Medicare Physician Fee Schedule Proposed Rule:**  
<https://www.aafp.org/dam/AAFP/documents/advocacy/payment/medicare/feesched/LT-CMS-2020ProposedMPFSComments-091819.pdf>
- **FPM Journal *Getting Paid* blog: CMS Clarifies Documentation for Teaching Physicians' E/M Services:**  
[https://www.aafp.org/journals/fpm/blogs/gettingpaid/entry/teaching\\_physician\\_services.html](https://www.aafp.org/journals/fpm/blogs/gettingpaid/entry/teaching_physician_services.html)
- **AAFP Comment Letter on 2019 Final Medicare Physician Fee Schedule:**  
<https://www.aafp.org/dam/AAFP/documents/advocacy/coverage/medicare/LT-CMS-2019FinalMPFS-122818.pdf>
- **March 9, 2020, Coalition letter to Congress on the Kids' Access to Primary Care Act of 2020:**  
<https://www.aafp.org/dam/AAFP/documents/advocacy/coverage/medicaid/LT-Congress-KidsAccessPrimaryCareAct-030920.pdf>
- **November 22, 2013, Coalition Letter to Congress on extending Medicaid primary care payment increase:** <https://www.aafp.org/dam/AAFP/documents/advocacy/payment/parity/LT-Congress-Medicaid-Payment-Increase-Extenders-120513.pdf>