

Understanding RVUs and How to Effectively Use Them In Your Office

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Agenda

- What is an RVU?
- How do I use them?
- How do they apply to Fee Schedules?
- How can they help me teach my physicians and providers coding rules?

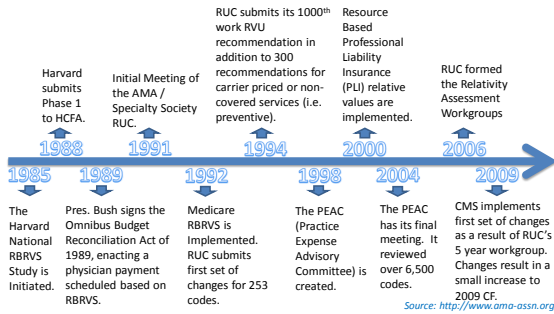
RVU Defined

- The weight within the RBRVS assigned to a particular CPT®. The Total RVU for a CPT® is made up of the Work RVU (the amount of time and effort it takes), the Practice Expense RVU (the overhead cost of that time), and the Malpractice RVU (the likelihood of complications)

Source: <http://www.e-mds.com/support/glossary.html>

RBRVS

Resource Based Relative Value Scale Timeline



More on the RUC

- Relative Value Scale Update Committee (31 members)

"The RUC is a unique multi-specialty committee dedicated to making relative value recommendations for new and revised codes as well as periodically updating RVUs to reflect changes in medical practice. Because of this unique structure, the RUC has created the best possible advocate for physician payment, the physician. It is through the work of these dedicated physicians who contribute their time, energy and knowledge that make the RUC process a success that benefits all practicing physicians."

Source: <http://www.ama-assn.org/resources/doc/rbrvs/ruc-update-booklet.pdf>

"The RUC is / The RUC is not" Detailed Information available at:
<http://www.ama-assn.org/resources/doc/rbrvs/ruc-is-ruc-is-not.pdf>

The HCPAC

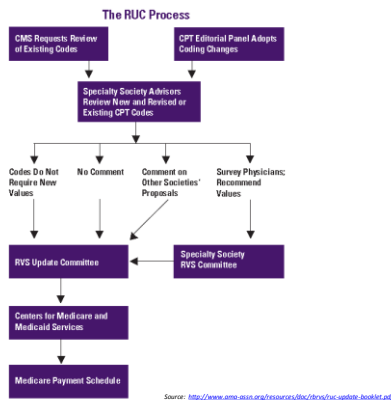
RUC HCPAC Health Care Professionals Advisory Committee

- Includes 11 organizations of limited license practitioners and allied health professionals that represent:

- Physician Assistants
- Chiropractors
- Nurses
- Occupational Therapists
- Optometrists
- Physical Therapists
- Podiatrists
- Psychologists
- Audiologists
- Speech Pathologists
- Social Workers
- Registered Dieticians

RUC Cycle and Methodology

- Coordinated with Annual CPT® and CMS Updates
- Editorial Panel Meetings held 3 times per year
- RUC meets after the Editorial Panel
- CPT Editorial Panel meets in February so that RUC can submit recommendations to CMS in May.
- CMS and AMA publish updates at about the same time each year and the new changes are effective January 1st of the next year.



Relativity Assessment Workgroup

- Workgroup's screening process to-date includes:
 - Bundled CPT Services
 - Site-of-Service Anomalies (*shifts in S05*)
 - Harvard Valued Codes (*services performed over 30,000 times per year with the original Harvard valuation*)
 - Services Surveyed by One Specialty now done predominately by another Specialty.
 - High Volume Growth Codes (*services with a utilization increase of 100% or more in a 3 year period*)
 - Services with low Work RVU's billed in multiple units
 - Services with low Work RVU's that have high utilization.
 - And more...

**Responsible for \$1.5 Billion in
CMS Pay Redistribution since 2006**

The 5 Year Review

- In addition to annual updates the Omnibus Budget Reconciliation Act requires CMS to comprehensively review all RVU's at least every five years.
- The last 5 year review was completed in 2012.
- CMS now calls for public comment annually, the last opportunity recently ended on Sept 6, 2013.

Want More?

<http://www.ama-assn.org/go/rbrvs>

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and Systems
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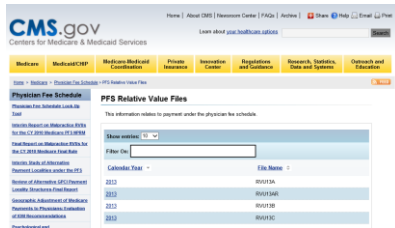
RVU Data

- Published Annually by CMS
- <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Relative-Value-Files.html>
- Multiple releases in the year include any post-implementation changes.
 - 2013A – January 2013 Release
 - 2013AR – January 2013 Revised Release
 - 2013B – April 2013 Release
 - 2013C – July 2013 Release
 - 2013D – October 2013 Release

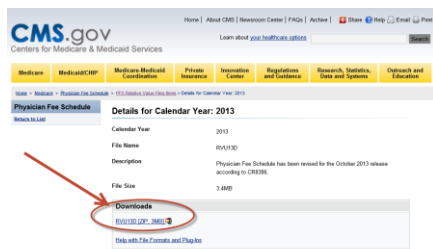
Getting the Data

- Download the Zip File

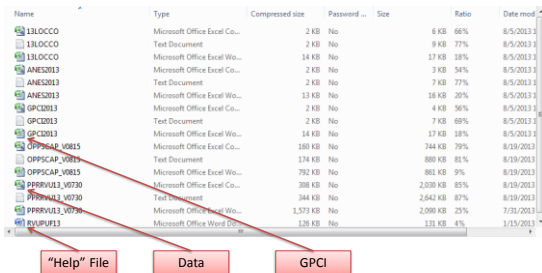
<http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Relative-Value-Files.html>



Getting the Data



- Open the Zip Files



- Read the Help File (Word Formatted File)
 - Gives you the formulas and the descriptions of all of the Excel Columns in the database.

DATA RECORD

HCPGS Code	1-5	X(5)	CPT or Level 2 HCPGS number for the service NOTE: See copyright statement on cover sheet.
Modifier	6-7	X(2)	For diagnostic tests, a blank in this field denotes the global service and the following modifiers identify the components: - 26 = Professional component - TC = Technical component For services other than component, a blank or presence of CPT modifier schedule amount have physician interpreted to outsource CPT code codes (added with modifier) priced by individual or (S) = Discontinued (S) physician may elect to Due to estimating cost of the patient, it may be diagnostic procedure was started but discontinued.
Description	8-57	X(50)	
Status Code	58-59	X(1)	Indicates whether the code is in the fee schedule and whether it is separately payable if the service is covered. (See Attachment A for description of values. Only RVUs associated with status codes of "A", "T", "C", or "F" are used for Medicare payment.)
Work RVU	60-65	999.99	Relative Value Unit (RVU) for the physician work in the service as:

2013 Non-Facility Pricing Amount =
 $[(\text{Work RVU} \cdot \text{Work GPCI}) + (\text{Non-Facility PE RVU} \cdot \text{PE GPCI}) + (\text{MP RVU} \cdot \text{MP GPCI})] \cdot \text{Conversion Factor (CF)}$

2013 Facility Pricing Amount =
 $[(\text{Work RVU} \cdot \text{Work GPCI}) + (\text{Facility PE RVU} \cdot \text{PE GPCI}) + (\text{MP RVU} \cdot \text{MP GPCI})] \cdot \text{Conversion Factor}$

- Open the Excel database (file name PPRRVU13)

The screenshot shows the Excel file PPRRVU13, which contains the 2013 National Physician Fee Schedule Relative Outlier Release. The table lists various medical services with their corresponding HCPCS codes, descriptions, status codes, and RVU values. The table is organized into columns for HCPCS code, description, status code, and various RVU components (Work, Non-Facility, Facility, MP, Non-Facility, Facility, POC, GL, IN, DA).

Reading the File

- HCPCS
- Mod
- Description
- Status Code (Attachment A)

***A = Active Code**
***B = Bundled Code**
***C = Carriers Price the Code**
***D = Deleted Codes**
***E = Excluded by Regulation**
***F = Deleted/Discontinued Code**
***G = Not Valid for Medicare Purposes (90 day grace period)**
***H = Deleted Modifier**
***I = Not Valid for Medicare Purposes (w/o 90 day grace period)**
***J = Anesthesia Services**
***M = Measurement Codes**
***N = Non-Covered Services**
***P = Bundled/Excluded Codes**
***R = Restricted Coverage**
***T = Injections**
***X = Statutory Exclusion**
***Q = Therapy Functional Info Code**

Reading the File

- Work RVU
- Non-Facility Practice Expense RVU
- Non-Facility NA Indicator
 - The procedure is rarely or never performed in the non-facility setting.
- Facility Practice Expense RVU
- Facility NA Indicator
 - The procedure is rarely or never performed in the facility setting.

Reading the File

- Malpractice RVU
- Total Non-Facility RVUs
- Total Facility RVUs
- PC/TC Indicator (See Attachment A)

0 = Physician Service Codes
 1 = Diagnosis Tests for Radiology Services
 2 = Professional Component Only Codes
 3 = Technical Component Only Codes
 4 = Global Test Only Codes

5 = Incident To Codes
 6 = Laboratory Physician Interp Codes
 7 = Physical Therapy service (no pmt)
 8 = Physician Interp Codes
 9 = Not Applicable

Reading the File

- Global Surgery Indicator

Global Surgery Indicators	
000	Endoscopic or Minor Procedure (E&M services on same day are included)
010	Minor Procedure with pre-op on day of procedure and a 10 day post-operative period all included in the listed RVU's.
090	Major surgery with a 1 day pre-operative period and a 90 day post-operative period included in the listed RVU's.
MMM	Maternity Codes; usual global period does not apply.
XXX	The global concept does not apply to the code.
YYY	The carrier is to determine whether the global concept applies and establish the period, if appropriate, at the time of pricing.
ZZZ	The code is related to another service and is <u>always</u> included in the global period of the other service.

Reading the File

- Preoperative Percentage
- Intraoperative Percentage
- Postoperative Percentage
- Multiple Procedure (Modifier 51)

Multiple Procedures (Modifier 51) Indicators	
0	No rules apply
1	Standard rules before 1995 apply (100%, 50%, 25%, 25%)
2	Standard reduction rules apply (100%, 50%, 50%, 50%)
3	Special Endoscopic Family Rules apply
4	Special TC Component Diagnostic Family Rules apply
5	= 20% PE Reduction in Office, 25% PE Reduction Institutional, 50% PE Reduction Both
6	25% Reduction for TC diagnostic cardiovascular
7	20% Reduction for TC diagnostic ophthalmology
9	Concept Does Not Apply

Reading the File

- Bilateral Surgery (Modifier 50)

Bilateral Surgery (Modifier 50) Indicators	
0	150% payment adjustment for bilateral procedures <u>does not</u> apply
1	150% payment adjustment for bilateral procedures applies.
2	150% payment adjustment <u>does not</u> apply.
3	The usual payment adjustment for bilateral procedures <u>does not</u> apply.
9	Concept does not apply

Reading the File

- Assistant at Surgery

Assistant at Surgery Indicators	
0	Payment restrictions for assistants at surgery applies to this procedure unless supporting documentation is submitted to establish medical necessity.
1	Statutory payment restriction for assistants at surgery applies to this procedure. Assistants may not be paid.
2	Payment restriction for assistants at surgery does not apply to this procedure. Assistants may be paid.
9	Concept does not apply.

Reading the File

- Co-Surgeons (Modifier 62)

CoSurgeons (Modifier 62) Indicators	
0	Co-Surgeons not permitted for this procedure.
1	Co-Surgeons could be paid, documentation is required to support necessity.
2	Co-Surgeons permitted and no documentation is required if two-specialty requirement is met.
9	Concept does not apply.

Reading the File

- Team Surgery (Modifier 66)

Team Surgery (Modifier 66) Indicators	
0	Team Surgeons not permitted for this procedure.
1	Team Surgeons could be paid , documentation is required.
2	Team Surgeons permitted.
9	Concept does not apply.

Reading the File

- Endoscopic Base Code
- Conversion Factor

CPT® RVU Structure

- 3 Components
 - Work RVU (Average of 48.3%)
 - Practice Expense RVU (Average of 47.4%)
 - Malpractice RVU (Average of 4.3%)
- Conversion Factor
- GPCI



Conversion Factor

- The initial Medicare conversion factor was set at \$31.001 in 1992. Subsequent conversion factor updates have been based on three factors:
 - The Medicare economic index
 - An expenditure target “performance adjustment”
 - Miscellaneous adjustments including those for “budget neutrality”

10 Year Conversion Factor History

Year	Conversion Factor	% Change
2003	\$36.7856	1.6
2004	\$37.3374	1.5
2005	\$37.8975	1.5
2006	\$37.8975	0.0
2007	\$37.8975	0.0
2008	\$38.0870	0.5
2009	\$36.0666	-5.3
Jan – May 2010	\$36.0791	0.03
June – Dec 2010	\$36.8729	2.2
2011	\$33.9764	-7.9
2012	\$34.0376	0.18
2013	\$34.0230	-0.04

Source: <http://www.ama-assn.org/resources/doc/tbrvs/cf-history.pdf>

GPCI

Geographical Price Cost Index

- Geographic Practice Cost Indices account for the geographic differences in the cost of practice across the country. CMS calculates an individual GPCI for each of the RVU components -- physician work, practice expense and malpractice.
- GPCIs are reviewed every three years (due to update in 2014).

Source: <http://www.acro.org/washington/rvu.pdf>

GPCI

- Open the GPCI2013 File from the Zip File
- Find your location
- Grab your GPCI adjustment factors for each RVU component.

	A	B	C	D	E	F
1	010102	00	Alabama	1.000	0.878	0.474
2	021002	01	Alaska **	1.500	1.067	0.661
3	031002	00	Arizona	1.000	0.978	1.015
4	071002	13	Arkansas	1.000	0.865	0.450
5	01182	26	Asheville Santa Ana, CA	1.044	1.218	0.676
6	01182	18	Los Angeles, CA	1.036	1.154	0.642
7	01112	01	Marin/Napa/Solano, CA	1.051	1.248	0.456
8	01112	07	Oakland/Berkeley, CA	1.058	1.254	0.516
9	01112	99	Rest of California	1.024	1.085	0.547
10	01182	99	Rest of California	1.024	1.085	0.547
11	01112	01	San Francisco, CA	1.072	1.360	0.516
12	01112	06	San Mateo, CA	1.072	1.354	0.516
13	01112	09	Santa Clara, CA	1.077	1.337	0.516
14	01182	17	Ventura, CA	1.034	1.193	0.605
15	04112	01	Colorado	1.000	1.004	0.872
16	13102	00	Connecticut	1.024	1.110	1.235
17	12202	01	DC - M/D/V/A Suburbs	1.049	1.198	1.130
18	12102	01	Delaware	1.012	1.044	0.672
19	09102	03	Fort Lauderdale, FL	1.000	1.051	1.982
20	09102	04	Miami, FL	1.000	1.054	2.815

Adding it all Up

Non-Facility



(Work RVU & Work GPCI)

+

(Non-Facility PE RVU * PE GPCI)

+

(MP RVU * MP GPCI)

*

Conversion Factor

Calculate the Allowable

- Use the PPRVS2013 file to make the calculation.

Demonstration

Using RVUs

- Managed Care
 - Measure Visit Capacity
 - Projecting Volumes
 - Projecting Costs
 - Calculating Per Member Per Month Costs
 - Utilization Calculations
 - Setting Fee Schedules (% of Medicare which is RBRVS)

Using RVUs

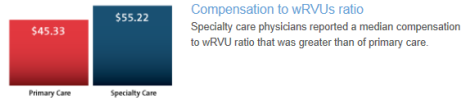
- Provider Training
 - Unbundling
 - Pre-Op/Intra-Op/Post-Op Components
 - Work RVU's
 - Status
 - Component Indicators



Using RVUs

• Physician Compensation Models

Relative Value Units



Source: Physician Compensation and Production Survey: 2012 Report Based on 2011 Data

Staying Current

- AMA
 - <http://www.ama-assn.org/ama/pub/physician-resources/solutions-managing-your-practice/coding-billing-insurance/medicare/the-resource-based-relative-value-scale.page>
- MGMA
- CMS
 - <http://www.cms.gov/apps/physician-fee-schedule/documentation.aspx>

Latest News

- Practice Expense RVU
 - Proposal to Limit the Payment for services where the non-facility payment is higher than the total paid in a facility setting.
 - Decreasing the minutes of clinical labor to 30 or fewer in the pre-op period in the facility setting for 48 codes with 000 global period.
- Malpractice RVU
- GPCI update for 2014. (Phased in 2014, 2015)

Questions



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