Reimbursement for Primary Care: A Solution to the Crisis?

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October 13, 2011
## Compensation by Specialty

### Appendix Table 1D. Physician Compensation Estimates by Specialty Among Stark II Approved Surveys*

<table>
<thead>
<tr>
<th>Specialty</th>
<th>MGMA</th>
<th>Hay</th>
<th>HHCS</th>
<th>Sullivan Cotter***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anesthesiology</td>
<td>$399,222</td>
<td>$311,600</td>
<td>$446,994</td>
<td>$372,252</td>
</tr>
<tr>
<td>Cardiology (invasive)</td>
<td>$452,970</td>
<td>$401,400</td>
<td>$484,442</td>
<td>$452,378</td>
</tr>
<tr>
<td>Cardiology (noninvasive)</td>
<td>$418,451</td>
<td>$332,900</td>
<td>$390,392</td>
<td>$466,014</td>
</tr>
<tr>
<td>Dermatology</td>
<td>$400,834</td>
<td>$294,700</td>
<td>$287,832</td>
<td>$318,031</td>
</tr>
<tr>
<td>Emergency Medicine</td>
<td>$260,790</td>
<td>$216,800</td>
<td>$272,402</td>
<td>$236,293</td>
</tr>
<tr>
<td>Family Practice</td>
<td>$187,953</td>
<td>$163,500</td>
<td>$204,370</td>
<td>$178,074</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>$457,053</td>
<td>$361,000</td>
<td>$379,682</td>
<td>$471,876</td>
</tr>
<tr>
<td>General Surgery</td>
<td>$339,362</td>
<td>$286,500</td>
<td>$336,731</td>
<td>$294,762</td>
</tr>
<tr>
<td>Hospitalist</td>
<td>$206,768</td>
<td>$174,100</td>
<td>$203,520</td>
<td>$187,196</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>$201,603</td>
<td>$175,200</td>
<td>$189,979</td>
<td>$186,399</td>
</tr>
<tr>
<td>Neurology</td>
<td>$260,536</td>
<td>$203,200</td>
<td>$252,700</td>
<td>$238,434</td>
</tr>
<tr>
<td>Obstetrics/ Gynecology</td>
<td>$302,362</td>
<td>$238,500</td>
<td>$261,869</td>
<td>$278,520</td>
</tr>
<tr>
<td>Oncology (including hematology)</td>
<td>$449,520</td>
<td>$296,500</td>
<td>$359,158</td>
<td>n/a</td>
</tr>
<tr>
<td>Orthopedic Surgery</td>
<td>$497,136</td>
<td>$372,400</td>
<td>$448,148</td>
<td>$436,118</td>
</tr>
<tr>
<td>Pathology</td>
<td>$331,326</td>
<td>$251,700</td>
<td>$331,842</td>
<td>n/a</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>$196,936</td>
<td>$166,800</td>
<td>$177,251</td>
<td>$196,955</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>$434,021</td>
<td>$390,400</td>
<td>$791,510</td>
<td>$346,963</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>$200,518</td>
<td>$173,800</td>
<td>$191,828</td>
<td>$193,237</td>
</tr>
<tr>
<td>Radiation Oncology</td>
<td>$528,225</td>
<td>$463,000</td>
<td>$381,733</td>
<td>n/a</td>
</tr>
<tr>
<td>Radiology</td>
<td>$470,939</td>
<td>$418,100</td>
<td>$487,591</td>
<td>n/a</td>
</tr>
<tr>
<td>Urology</td>
<td>$427,471</td>
<td>$325,200</td>
<td>$386,037</td>
<td>$335,876</td>
</tr>
</tbody>
</table>

*Figures reflect mean total annual cash compensation, including salary and bonuses
Medicare RBRVS

- The cost of providing each service is divided into three components
  - Physician Work
  - Practice Expense
  - Professional Liability Insurance
Components of the RBRVS

Percent of Total Relative Value

- Professional Liability Insurance, 4%
- Practice Expense, 44%
- Physician Work, 52%
Physician Work

- Determined by:
  - The time it takes to perform the service
  - The technical skill and physical effort
  - The required mental effort and judgment
  - Stress due to the potential risk to the patient
Calculating Payment

- The formula for calculating payment schedule amounts entails adjusting RVUs, which correspond to services, by the budget neutrality work adjustor and by the GPCIs, which correspond to payment localities.
- The general formula for calculating Medicare payment amounts for Jan 1 – December 31, 2009 is expressed as:
  
  \[
  \text{Total RVU} = \left[ (\text{work RVU} \times \text{work GPCI}) + (\text{practice expense RVU} \times \text{practice expense GPCI}) + (\text{malpractice RVU} \times \text{malpractice GPCI}) \right]
  \]

  \[
  \text{Total RVU} \times \text{Conversion Factor}^* = \text{Medicare Payment}
  \]

*The Conversion Factor for CY 2009 = $36.0666*
THE RUC

Chair
American Medical Association
CPT Editorial Panel
American Osteopathic Association
Health Care Professionals Advisory Committee
Practice Expense Subcommittee

Anesthesiology
Cardiology
Cardiothoracic Surgery
Colon and Rectal Surgery*
Dermatology
Emergency Medicine
Family Medicine
General Surgery
Internal Medicine
Nephrology*
Neurology
Neurosurgery

Obstetrics/Gynecology
Ophthalmology
Orthopaedic Surgery
Otolaryngology
Pathology
Pediatrics
Pulmonary Medicine*
Plastic Surgery
Psychiatry
Radiology
Urology

(*Indicates rotating seat)
RUC Advisory Committee

- One physician representative is appointed from each of the 109 specialty societies seated in the AMA House of Delegates
- Advisory Committee members assist in the development of RVUs and present their specialties’ recommendations to the RUC
- Each member comments on recommendations made by other specialties
- Advisory Committee members are supported by an internal specialty RVS committee
RUC Cycle

- CPT Editorial Panel
- Medicare Payment Schedule
- CMS
- The RUC
- Specialty RVS Committee
- Survey
- Level of Interest
Five Year Review Process

Purpose: Correct Misvalued Codes
Four Cycles Complete
Historical Increases >> Decreases
Codes Reviewed: Procedures >> Cognitive Services
Compelling Evidence Requirement
Budget Neutrality Adjuster
What's Your Hourly Wage?

Figure 1. Ratio of Average Hourly Earnings for Specialists Relative to Primary Care

How the Pie Divides


Percent of total volume

2003 2008

Evaluation and management
Imaging
Major procedures
Other procedures
Tests
Other
# The View from the RUC

<table>
<thead>
<tr>
<th>Service</th>
<th>CPT Code</th>
<th>1992 RVU</th>
<th>2007 RVU</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonoscopy</td>
<td>45378</td>
<td>8.48</td>
<td>5.56</td>
<td>−34.43</td>
</tr>
<tr>
<td>Cataract</td>
<td>66984</td>
<td>30.34</td>
<td>17.99</td>
<td>−40.71</td>
</tr>
<tr>
<td>Chest radiography</td>
<td>71020–26</td>
<td>0.34</td>
<td>0.30</td>
<td>−11.76</td>
</tr>
<tr>
<td>Office visit, level 3</td>
<td>99213</td>
<td>1.00</td>
<td>1.66</td>
<td>66.00</td>
</tr>
<tr>
<td>Office visit, level 4</td>
<td>99214</td>
<td>1.52</td>
<td>2.52</td>
<td>65.79</td>
</tr>
</tbody>
</table>

Chart 8-2. Volume growth has raised physician spending more than input prices and payment updates, 1997–2008

Note: MEI (Medicare Economic Index).


Note: Volume is units of service multiplied by relative value units from the physician fee schedule. Volume for all years is measured on a common scale, with relative value units for 2008.
Work RVU Growth By Type of Service

<table>
<thead>
<tr>
<th>RVU Component and Service Category†</th>
<th>Distribution of RVUs</th>
<th>Mean RVUs per Medicare Beneficiary</th>
<th>10-Year Change in RVUs per Medicare Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1992 percent</td>
<td>2002 percent</td>
<td>1992 number</td>
</tr>
<tr>
<td>Overall</td>
<td>100.0</td>
<td>100.0</td>
<td>15.6</td>
</tr>
<tr>
<td>Evaluation and management</td>
<td>59.9</td>
<td>55.7</td>
<td>9.4</td>
</tr>
<tr>
<td>Imaging</td>
<td>8.4</td>
<td>9.1</td>
<td>1.3</td>
</tr>
<tr>
<td>Major procedures</td>
<td>11.5</td>
<td>11.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Other procedures</td>
<td>18.9</td>
<td>21.2</td>
<td>2.9</td>
</tr>
<tr>
<td>Tests</td>
<td>1.3</td>
<td>2.5</td>
<td>0.2</td>
</tr>
</tbody>
</table>
### wRVU Growth, By Specialty

<table>
<thead>
<tr>
<th>RVU Component and Specialty</th>
<th>Distribution of RVUs</th>
<th>10-Year Change in RVUs per Medicare Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1992</td>
<td>2002</td>
</tr>
<tr>
<td>Physicians' work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal medicine</td>
<td>17.6</td>
<td>15.8</td>
</tr>
<tr>
<td>Cardiology</td>
<td>6.6</td>
<td>9.7</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>10.2</td>
<td>7.5</td>
</tr>
<tr>
<td>Diagnostic radiology</td>
<td>7.7</td>
<td>7.3</td>
</tr>
<tr>
<td>Family practice</td>
<td>8.4</td>
<td>7.6</td>
</tr>
<tr>
<td>Orthopedic surgery</td>
<td>4.6</td>
<td>4.9</td>
</tr>
<tr>
<td>General surgery</td>
<td>6.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Dermatology</td>
<td>2.6</td>
<td>2.9</td>
</tr>
<tr>
<td>Urology</td>
<td>3.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>2.9</td>
<td>3.4</td>
</tr>
</tbody>
</table>

*Table 2. Distribution and Sources of Growth of RVUs from 1992 to 2002, According to Specialty.*
Work RVU Growth

- Technology Maturation and Productivity
- Expansion of Indications/Shift of Service Mix
- Entrepreneurialism
- Double Counting when Services Done Together
Practice Expense of Technology

- Utilization Assumptions
- Imputed Cost of Capital
- “Small-Box Solutions”
- Maturation
Addressing the Flaws

- Rolling “5-year” Review
- New Technology List
- Rapidly Growing Services
- Services performed together
- Site of Service change
Future Directions

- Redefine Cognitive Services
- Change Documentation Requirements
- Recognize non-face-to-face work
- Recognize team work
- Re-examine work intensity
Uses of RBRVS

- To Construct a Fee Schedule
- To Measure Productivity
- To Use For Building Blocks for Bundling
- To Divide the Pie
Chuck the RUC?

- RBRVS will not go away
- Fixing RBRVS involves CMS, RUC, CPT and sometimes Congress.
- The process is flawed but can be improved
- If we didn’t have a RUC, we would have to invent one
- Fixing RBRVS may not be enough