

Validating the physician fee schedule's time estimates

Kevin Hayes October 7, 2010



PPACA requirements

 Review RVUs of potentially misvalued services and make appropriate adjustments

 Assess the validity of the fee schedule's RVUs



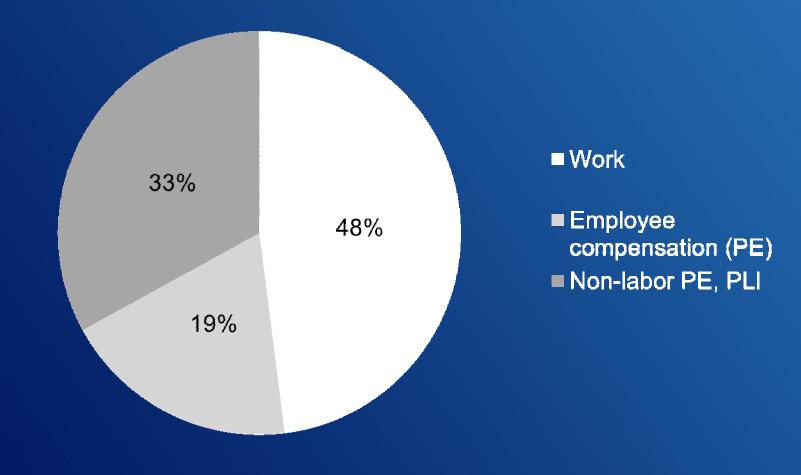
Physician fee schedule

Replaced payment based on charges

- Accounts for relative costliness of inputs
 - Work
 - Practice expense
 - Professional liability insurance



Services furnished by physicians and other practitioners are labor-intensive





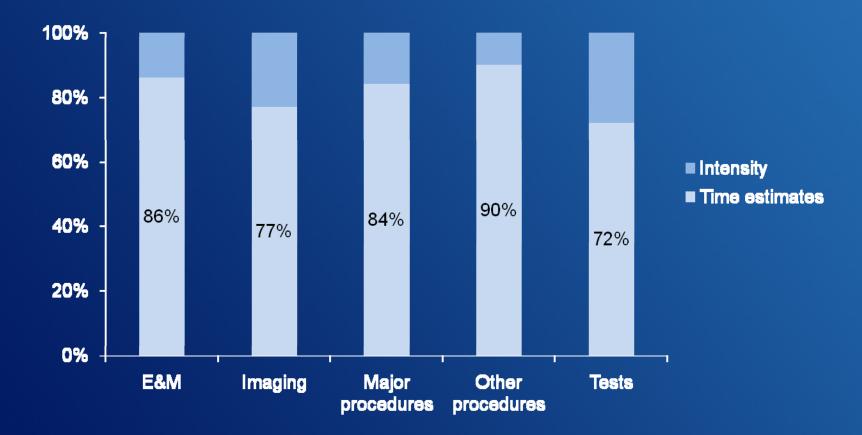
Note: PE (practice expense), PLI (professional liability insurance). Source: CMS, Part B proposed rule for 2011.

How is physician work valued?

- Work defined as time and intensity
- Surveyed practitioners use magnitude estimation to estimate a service's RVU:
 - respond to survey questions about time and intensity
 - compare the service's time and intensity to reference services that have an RVU
 - estimate RVU for subject service



Time estimates explain much variation in fee schedule's work RVUs



Source: MedPAC analysis of 2010 time data and work RVUs from CMS.



Questions about the time estimates

- For some services, estimates are likely too high
- Estimates may not adequately account for efficiencies when multiple services are furnished during single patient encounter



Principles to guide validation of RVUs

- All types of practitioners furnishing services to Medicare beneficiaries should be represented
- Processes needed to ensure data accuracy
- CMS should have the necessary resources



Different ways to collect data for validating RVUs

Survey

- Voluntary
- Sponsorship could be public or private
- Response rate may be an issue
- Data collection at practices or other facilities where practitioners work
 - Practitioners must participate if asked; could be compensated
 - Requires change in regulation and specialty buy-in
 - Methods can be retrospective and prospective



Collecting data from a cohort of practices and other facilities

- Participating practices:
 - provide data on time, volume of services, and other factors
 - recruited through process that would require participation
 - representative of practitioners furnishing services to Medicare beneficiaries
- Cohort large enough for estimates that meet statistical precision criteria
- Practices could be compensated

Implementation issues for CMS

Data sources

- Retrospective
- Prospective
- Number of participants, to ensure reliability
- Compensation for practices
- Unit of measurement
 - Billable service
 - Practitioner



Implementation issues for CMS (cont.)

- Data submission and accuracy
- Consistent cohort vs. rotation in and out
- Variation in time measures due to geography, service mix, and payer mix



Implementation issues for practitioners

- Capabilities of existing systems such as electronic health records and patient scheduling
- Current uses of time data such as management and practitioner compensation
- Value of comparative data



Issues for discussion

- PPACA requirements on misvalued services
- CMS's request for advice on validating the fee schedule's RVUs
- Approach to collecting data needed to validate RVUs and keep them up to date
 - CMS implementation issues
 - Practitioner implementation issues

