

Advising the Congress on Medicare issues

Validating the physician fee schedule's time estimates

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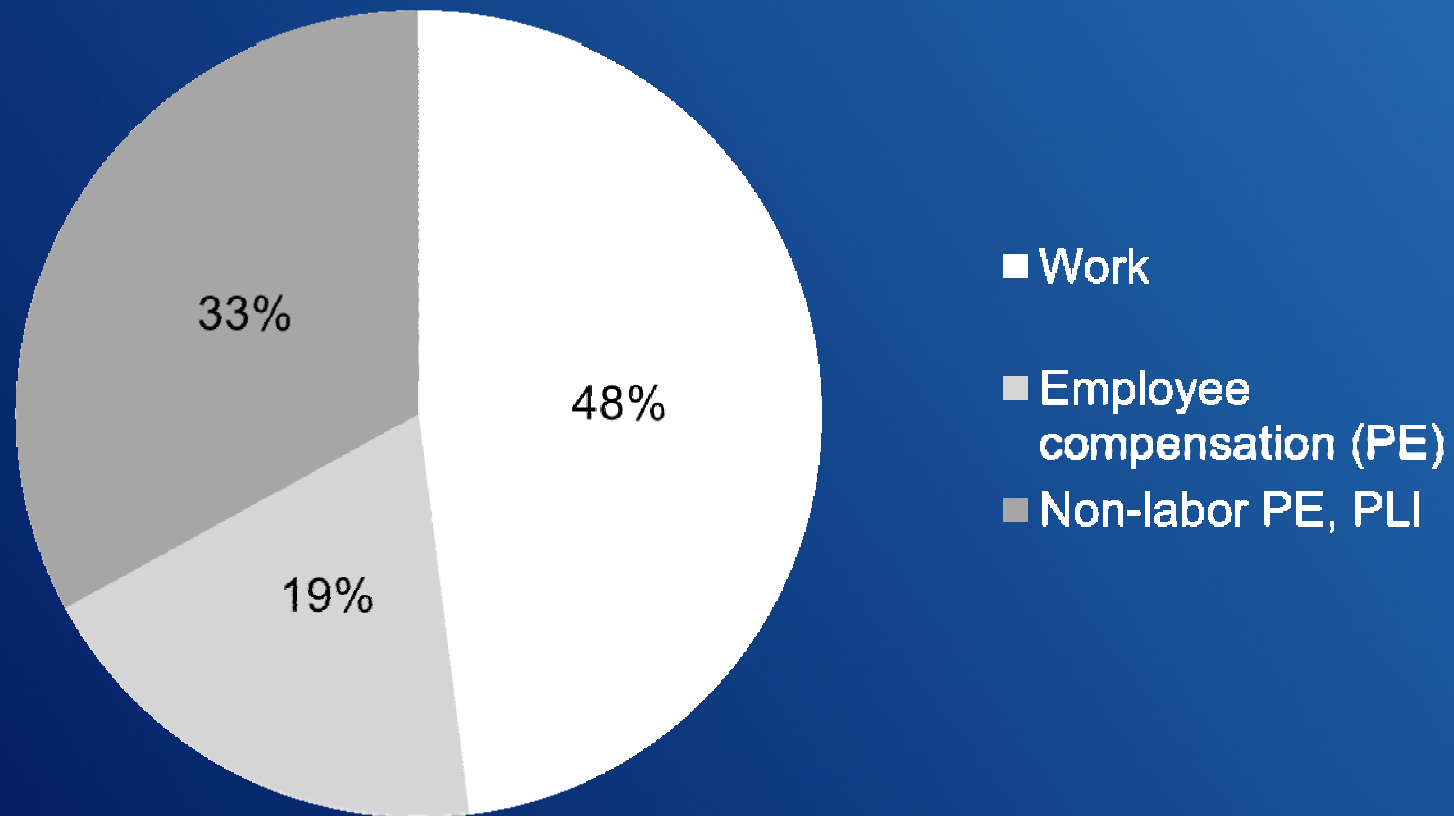
PPACA requirements

- 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

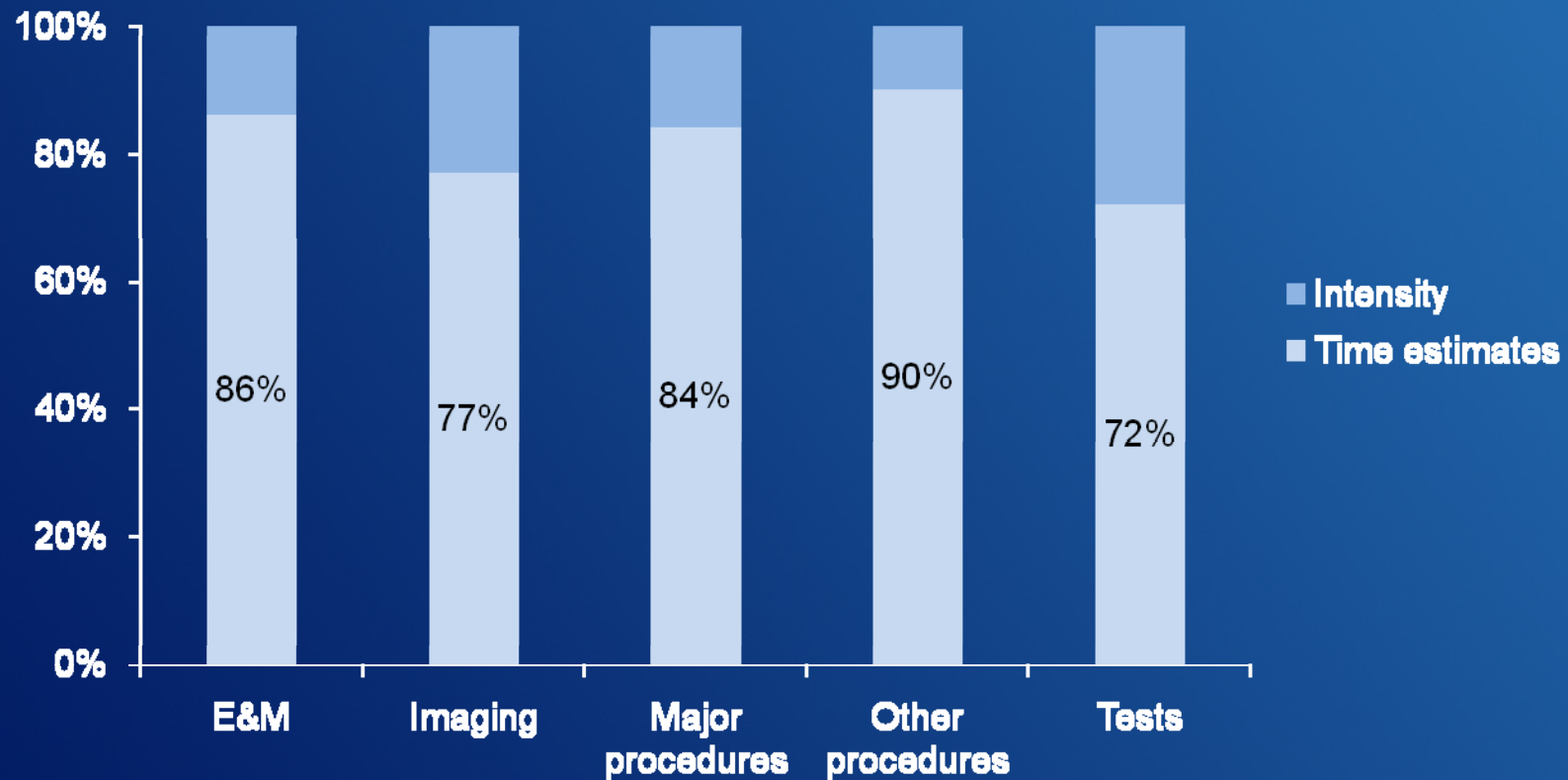


Note: PE (practice expense), PLI (professional liability insurance).
Source: CMS, Part B proposed rule for 2011.

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