

RBRVS System for Pediatricians: A Fair, Fast, and Accurate Method to Set Pricing

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How Do You Set Your Prices Now?

"Don't tell, but I called down the street."

"I asked on one of the mailing lists I'm on."

"It just seemed like the right price."

"It's a little more than they charge across town."

"I found a copy of one of our fee schedules and added a few bucks."

"Magic Eight Ball[®]."



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RBRVS – Resource Based Relative Value System

- Medicare needed a system to allow the gov't to plan a budget each year
- Method to quantify the value and price of every procedure while adjusting for geographic location
- Government implemented system on Jan 1, 1992
- Relative Value Unit is assigned to every CPT code
- All public and private payors use components of Medicare RBRVS to reimburse physicians.



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RBRVS – Resource Based Relative Value System

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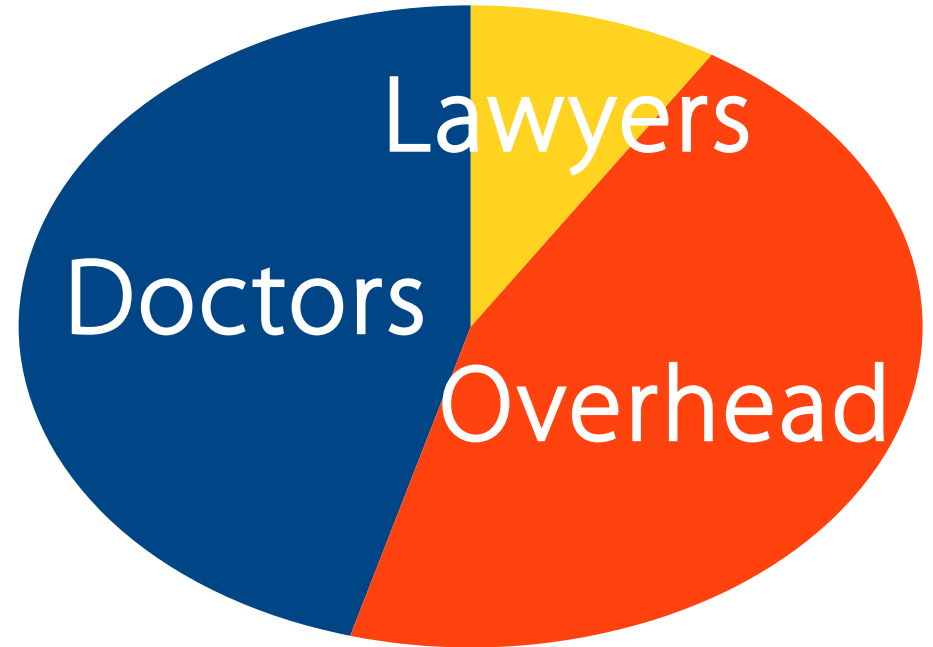
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1			2012 National Physician Fee Schedule Relative Value File												
2			<i>CPT codes and descriptions only are copyright 2011 American Medical Association. All Rights Reserved. Applicable FARS/DFARS Apply.</i>												
3			<i>Dental codes (D codes) are copyright 2011/12 American Dental Association. All Rights Reserved.</i>												
4															
5			RELEASED 11/01/2011												
6															
7															
8															
9															
10	HCPCS	MOD	DESCRIPTION												
15267	99199		Special service/proc/report												
15268	99201		Office/outpatient visit new												
15269	99202		Office/outpatient visit new												
15270	99203		Office/outpatient visit new												
15271	99204		Office/outpatient visit new												
15272	99205		Office/outpatient visit new												
15273	99211		Office/outpatient visit est												
15274	99212		Office/outpatient visit est												
15275	99213		Office/outpatient visit est												
15276	99214		Office/outpatient visit est												
15277	99215		Office/outpatient visit est												
15278	99217		Observation care discharge												
15279	99218		Initial observation care												
15280	99219		Initial observation care												
15281	99220		Initial observation care												
15282	99221		Initial hospital care												
15283	99222		Initial hospital care												
15284	99223		Initial hospital care												
15285	99224		Subsequent observation care												
15286	99225		Subsequent observation care												
15287	99226		Subsequent observation care												
15288	99231		Subsequent hospital care												
15289	99232		Subsequent hospital care	A		1.39	0.58	NA		0.60	NA				
15290	99233		Subsequent hospital care	A		2.00	0.82	NA		0.85	NA				
15291	99234		Observ/hosp same date	A		2.56	1.08	NA		1.10	NA				



Components of the RVU

Value for each procedure is based on three components:

- Physician work
(~46%)
- Practice expense
(~45%)
- Professional liability expense
(~9%)



GPCI – Geographic Practice Cost Index

Costs associated with practicing in Manhattan are much different from costs for practicing in, say, North Dakota.

Geographic adjustment is made *to each component* of an RVU

Sample 2017 GPCI Values:

Locality	Work	Practice Expense	Malpractice	Diff 2010
Manhattan, NY	1.052	1.174	1.690	-.01%
Baltimore/Surrounding Counties, MD	1.023	1.096	1.238	+3.49%
Detroit, MI	1.000	0.992	1.510	-6.61%
Alabama	1.000	0.888	0.552	+3.30%
DC + MD/VA Suburbs	1.048	1.205	1.271	+1.44%
North Dakota	1.000	1.000	0.557	+12.82%



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Calculating An RVU

2017 RVU Value of 99213 for a practice in DC

(Work RVU * (0.97 * 1.048) +
Work GPCI) +

(Practice Expense RVU * (1.02 * 1.205) +
PE GPCI) +

(Malpractice Expense RVU * (0.07 * 1.271) =
ME GPCI) =

TOTAL

2.33



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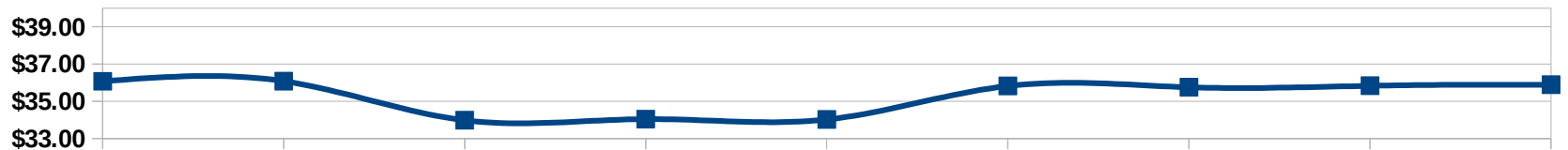
Medicare Conversion Factor

National value used to convert procedure RVU values into reimbursement amounts

Medicare reimbursement amount for 1 RVU.

Updated annually

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
Conversion Factor	\$36.07	\$36.08	\$33.98	\$34.04	\$34.02	\$35.82	\$35.75	\$35.83	\$35.89

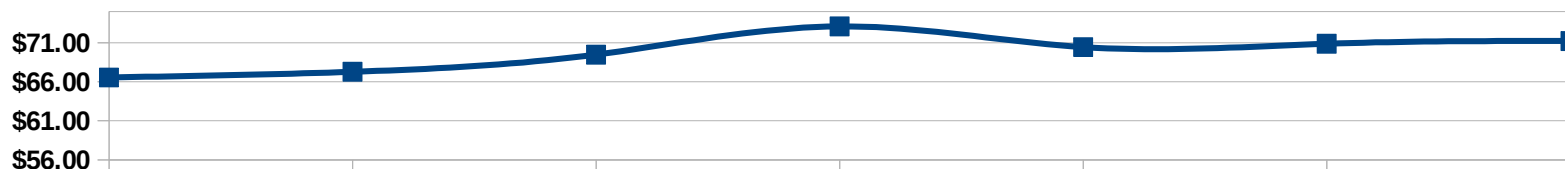


Translate to Payment

Multiply RVU value by Medicare conversion factor to calculate Medicare \$ value

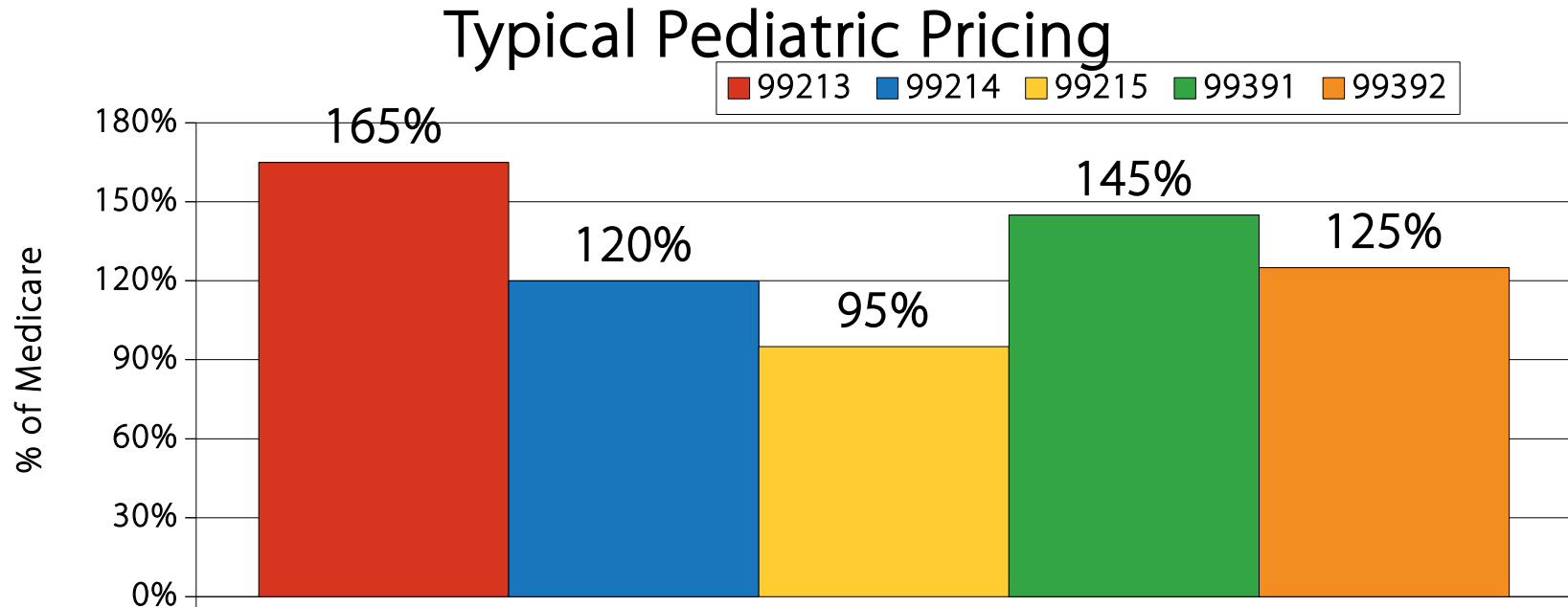
Annual 99213 value for a "NY, Rest of" practice:

Year	2011	2012	2013	2014	2015	2016	2017
99213 RVU Value	1.96	1.98	2.04	2.04	1.97	1.98	1.98
Conversion Factor	\$33.98	\$34.04	\$34.02	\$35.82	\$35.75	\$35.83	\$35.89
Medicare \$ Value	$(1.96 * \$33.98)$ = \$66.55	$(1.98 * \$34.04)$ = \$67.28	$(2.04 * \$34.02)$ = \$69.48	$(2.04 * \$35.82)$ = \$73.08	$(1.97 * \$35.75)$ = \$70.44	$(1.98 * \$35.83)$ = \$70.86	$(1.98 * \$35.89)$ = \$71.22



Appropriate RBRVS Multiplier

OK, that's the system ... but how much more should I charge above the Medicare value?



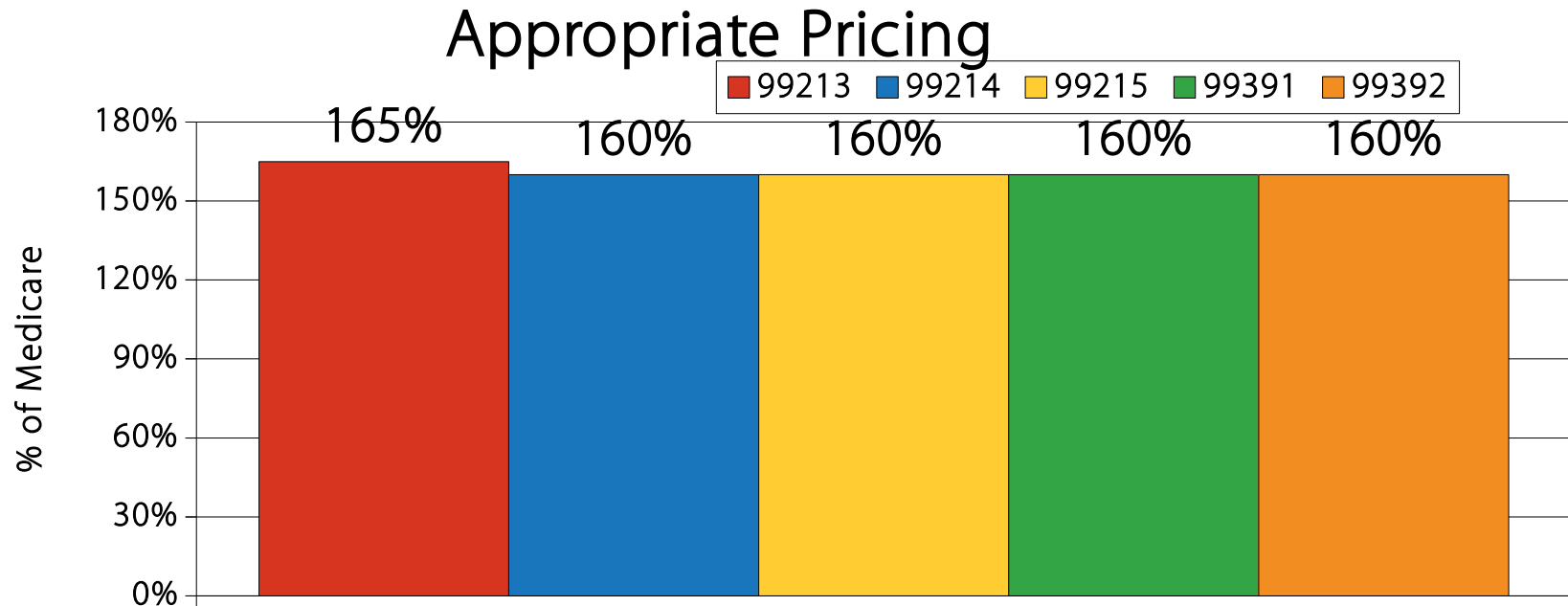
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Appropriate RBRVS Multiplier

Pick the pricing level that's right for your practice ... and don't go under it



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Setting Your Price

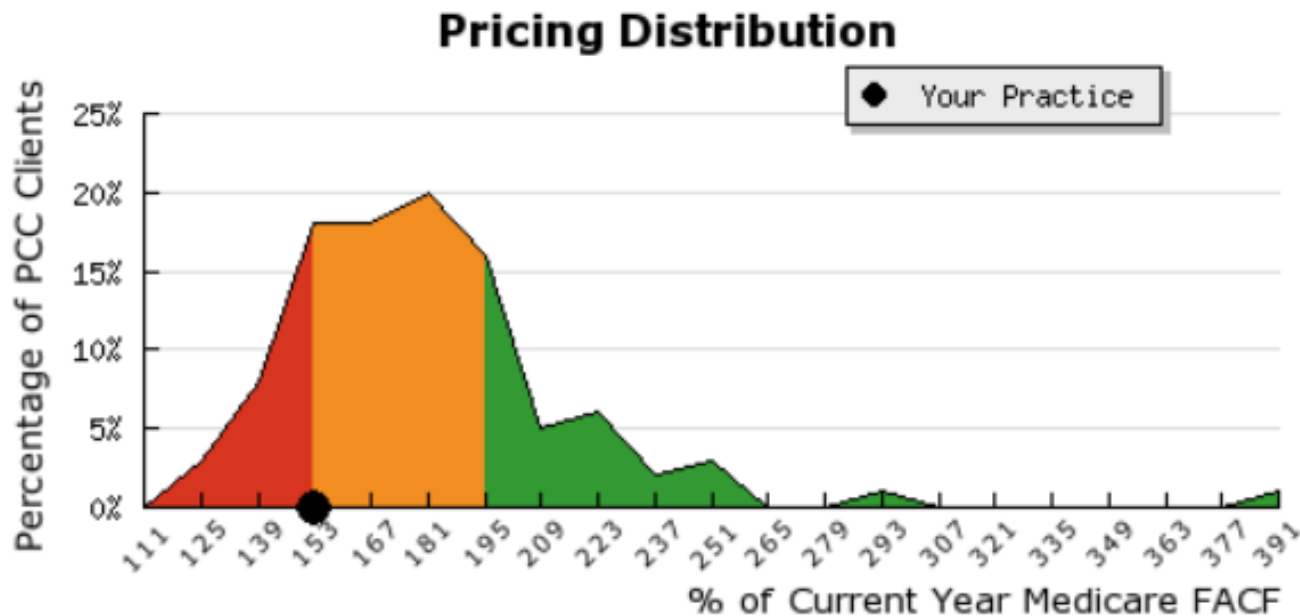
Pick a year and an appropriate multiplier, then set your price based on the Medicare value for that year

Example based on 2017 RVU values for Baltimore+

CPT Code	Medicare Value	Your Multiplier	Your Price
99391	\$107.40	150%	\$159.84
90460	\$27.47	175%	\$48.87
99214	\$115.81	140%	\$162.07

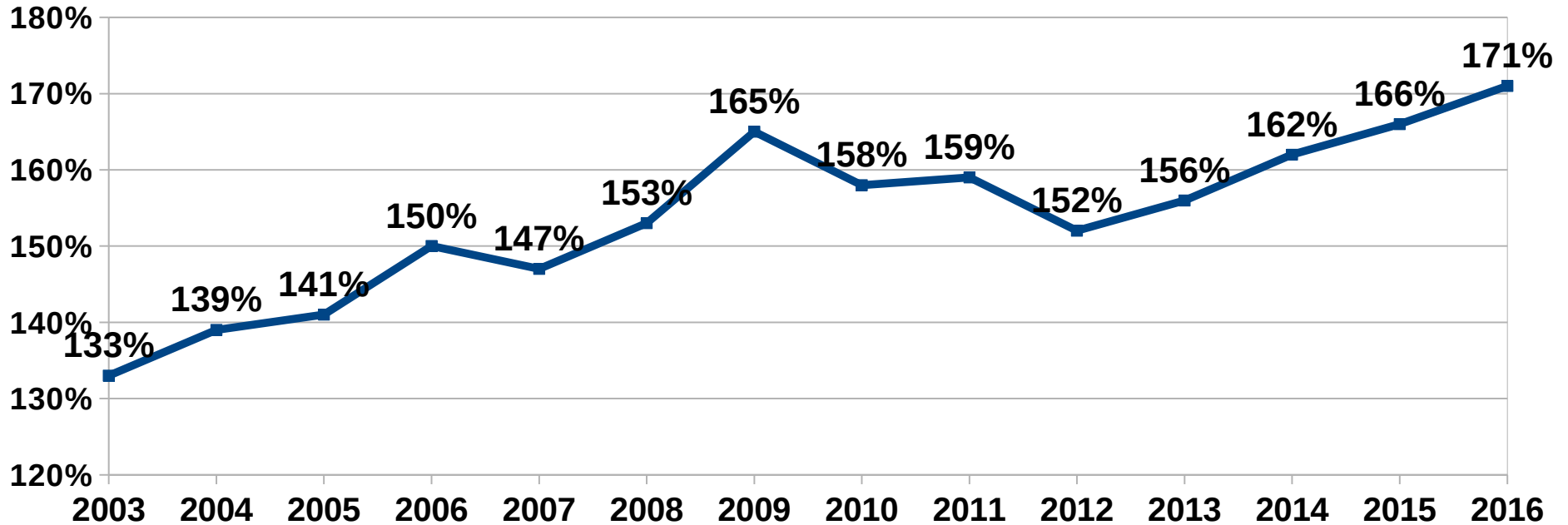
Pediatric Pricing Benchmark

10 th Percentile	25 th Percentile	Median	75 th Percentile	90 th Percentile
137%	150%	171%	190%	215%



Pediatric Pricing Benchmark

Pricing Relative to Medicare

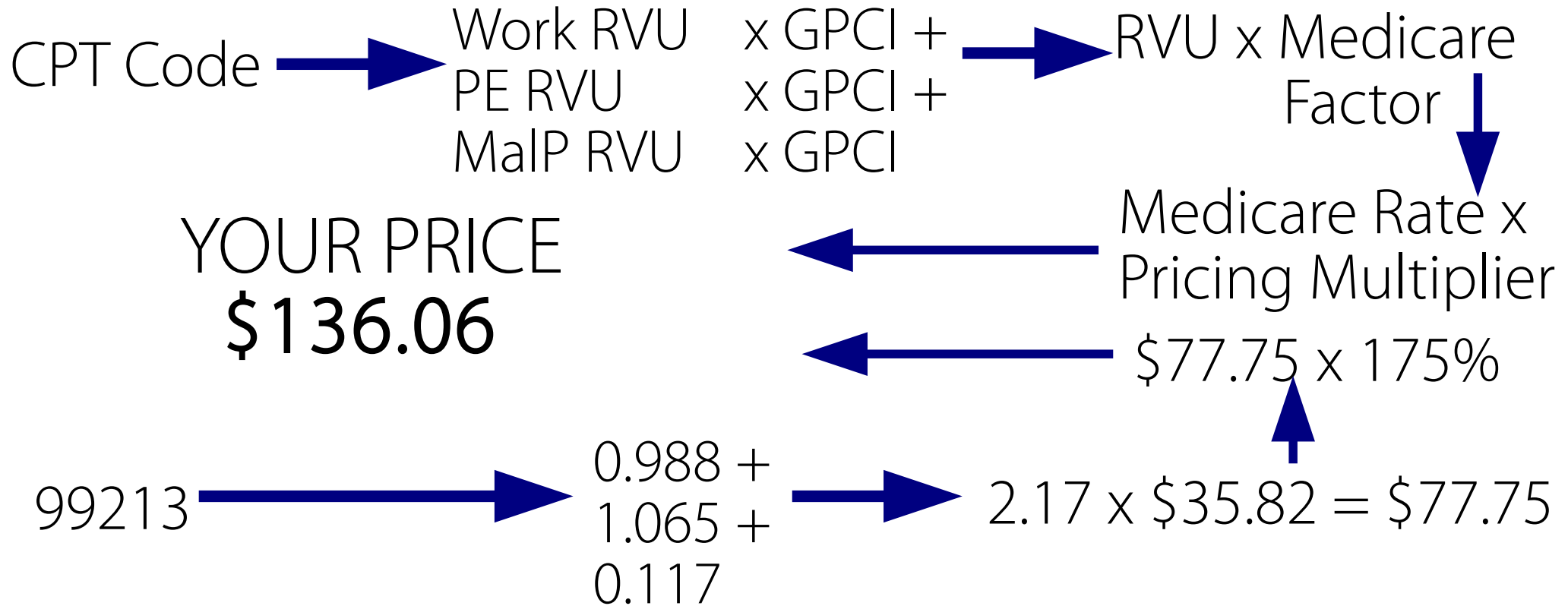


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Review!



Holy Cow, That's A Lot Of Work!

Free Resources for RVU Calculation:

- <http://www.aap.org/visit/rbrvsbrochure.pdf>
- http://www.cms.hhs.gov/PhysicianFeeSched/01_overview.asp
- <http://www.physicianspractice.com>
- [**http://www.pedsource.com/chipsblog**](http://www.pedsource.com/chipsblog)

Holy Cow, That's A Lot Of Work!

Good news, but you have to wait.

Why Don't My Numbers Match?

- Private insurers should not be using the Budget Neutrality adjustment *unless* your contract states that they will pay you “x% of the Medicare fees.”
- The carrier may be using a different year than you expect.
- The carrier may be using a different *location* than you expect.
- The carrier may not be doing good math. Shocking.

Review: Why RBRVS?

- All of the insurance companies utilize the RBRVS system in one way or another. *It's the standard.*
- More and more insurance companies use the RBRVS system directly.
- With the arrival of HSAs and HDHPs, practices are going to need a system that substantiates their worth.

Review: Why RBRVS?

- With PCC's RVU calculators, it's fast and easy.
- It allows you to compare your practice to others.
- It is potentially an effective provider productivity measurement.
- **Most of all: it's guaranteed to increase your income, if only a little.**

Now...Make Your Own!

<http://bit.ly/2fpUPKx>

<http://chipsblog.com/free-2017-rvu-calculator/>



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