

# No such thing as a multiple of RBRVS

## Acronym widely misunderstood regarding Medicare physician payments

Chances are good that one of your health plan contracts uses fee schedule language that refers to a multiple of a resource-based relative value scale (RBRVS). While it's likely that the parties understood this multiple of the RBRVS to mean a multiple of the payment method used by Medicare, there is no such thing as an "RBRVS fee schedule" in the Medicare program.

Congress passed the Medicare RBRVS into law in 1989. It's the basis for Medicare's payment method for professional services. The relative value units (RVUs) for most, but not all current procedural terminology (CPT) codes and selected Healthcare Common Procedural Coding System (HCPCS) codes are used to determine the fee schedule amount. It is *not*, however, the payment method used for all services paid to physicians under the Medicare program.

### RBRVS only one component of complex payment method

It may come as a surprise to you that if you search the Centers for Medicare & Medicaid Services (CMS) Web site, you won't find the RBRVS acronym associated with any fee schedule used to pay physician services. What you will find are terms such as:

- MPFS – Medicare Physician Fee Schedule;
- PFS – Physician Fee Schedule;
- PFS Relative Value Files;
- PFS National Payment Amount File; and
- National Physician Fee Schedule Relative Value File.

Those descriptions are for fee schedules that have RBRVS methodology as a component, but RBRVS should not be used as the sole description of a fee schedule. RBRVS is combined with geographic cost indicators

and a conversion factor to determine the rate Medicare pays. In the past two years, you have needed to add the budget neutrality factor and Medicare's hospital-outpatient prospective-payment system logic, as well, to get the final Medicare fee schedule amount.

The source that many probably understand to mean RBRVS is the National Physician Fee Schedule Relative Value File. Out of the five letters in the RBRVS acronym, only two match the payment file that most people probably think of when they hear the term "multiple of RBRVS." Most physician practices will bill for services from the four main Medicare fee schedules used to pay physician groups:

- National Physician Fee Schedule Relative Value File;
- Average sales price (ASP) drug pricing;
- Clinical Laboratory Fee Schedule; and
- Durable Medical Equipment, Prosthetics/Orthotics and Supplies Fee Schedule.

Why does this semantic discussion matter? Here are some reasons based on experience in implementing contract language.

### RBRVS is *not* any payment amount from a Medicare fee source

CPT 36415 (routine venipuncture) is one of the most commonly billed codes for in-office lab work. The MPFS fee schedule has zero RVUs for this service; using it gives you \$0 as the fee. However, the Medicare Clinical Laboratory Fee Schedule pays a flat \$3 for 36415.

So, if you have a contract that pays a rate of 150 percent of RBRVS, what is the reimbursement for CPT 36415? Ask the payer, the physician's contracting manager and

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the reimbursement analyst, and you're likely to get three different answers. Add to this the fact that RBRVS is commonly misunderstood to mean *any* Medicare payment amount found in one of the four Medicare fee sources listed above, and you understand quickly why you should avoid the use of RBRVS.

The bottom line: When it comes to negotiating a fee schedule, ambiguity is expensive. *Do not use a percentage of RBRVS in any fee schedule agreement.* Rather, be specific and use a free reference table in the public domain. This is where Medicare comes in handy. Among other things, it helps ensure that you can figure out the rate on your own.

Here's an example of a fee schedule description, in plain English, that would make it easy to determine the rate for any service billed:

- 150% of Medicare National Physician Fee Schedule Relative Value File for 2007 California, Locality 99, effective Jan. 1, 2007.

- 150% of Medicare ASP Drug Pricing, effective Jan. 1, 2007.
- 150% of Medicare Clinical Laboratory Fee Schedule for California, effective Jan. 1, 2007.
- 150% of Medicare Durable Medical Equipment, Prosthetics/Orthotics and Supplies Fee Schedule for California, effective Jan. 1, 2007.

According to CMS, "If a rate occurs in more than one of the schedules, the highest rate shall apply. For any valid CPT or HCPC code billed that is not found in one of the schedules, or does not have a rate of more than \$0 in any of the schedules, the fee shall be 80 percent of the billed charges."\*

Fee schedule ambiguity can unravel your intentions to negotiate what you think is a better rate. These tips should go a long way toward protecting against that. ☘

**e-mail us:** Are you negotiating fee schedules with the right information? Tell us at [connexion@mgma.com](mailto:connexion@mgma.com)

\* Centers for Medicare & Medicaid Services. [www.cms.hhs.gov/home/medicare.asp](http://www.cms.hhs.gov/home/medicare.asp)

## About RVUs

Relative value units (RVUs) are nonmonetary numerical values. They represent the relative amount of physician work, resources and expertise needed to provide services to patients. Definitive payment for physician services results only when conversion factors (CFs), represented by specific dollar amounts, are multiplied by the specific RVU.

RVUs by themselves do not determine the amount of payment. For example, an office visit may have a relative value of 1.5 units. Payer A applies a CF of \$30 and pays \$45 for the service. Payer B applies a CF of \$40 and pays \$60 for the service. Payers, including Medicare, choose a CF they will apply to the RBRVS based on strategic and financial considerations. Payer B does not "value" an office visit more highly than Payer A. Rather, Payer B values all physician services more highly than Payer A by applying a larger CF to covered services.

Since the scale's implementation in 1992, the Centers for Medicare & Medicaid Services has periodically updated the RBRVS, adjusting units for existing CPT codes and setting units for new ones.

Source: Curran P. The ABCs of RVUs – What you need to know about today's payment methodology. MGMA Connexion; 2001;2(1):57.