

How Radiologists Influence Reimbursement: The Relative Value Update Committee Valuing Our Professional Work

Bibb Allen, M.D., FACR, RCC

Radiology Member AMA Specialty Society Relative Value Update Committee

Chair ACR Diagnostic Carrier Advisory Committee Network

Vice-chair, Commission on Economics

American College of Radiology

November 27, 2006

Radiological Society of North America

Objectives

- RUC Background
 - Structure and composition
 - Function
- RUC Issues In 2006 and 2007
 - New and revised codes
 - Five Year Review and its implementation
 - Practice expense methodology
- ACR influence on issues
- Future Challenges

AMA-Specialty Society Relative Value Scale Update Committee

- Committee of the AMA and medical specialty societies formed to make recommendations to CMS on relative values to be assigned to new and revised CPT codes
- CMS accepts 95% of RUC recommendations
- RUC members are from the 23 major national (ABMS) medical specialties
- RUC advisors from the 94 medical specialties in the AMA House of Delegates

AMA-Specialty Society Relative Value Scale Update Committee

- The RUC makes recommendations to CMS for implementing the RBRVS
- The RUC is NOT government sponsored
- The RUC is NOT a governmental agency
- The RUC is unique public sector - private sector relationship

AMA-Specialty Society Relative Value Scale Update Committee

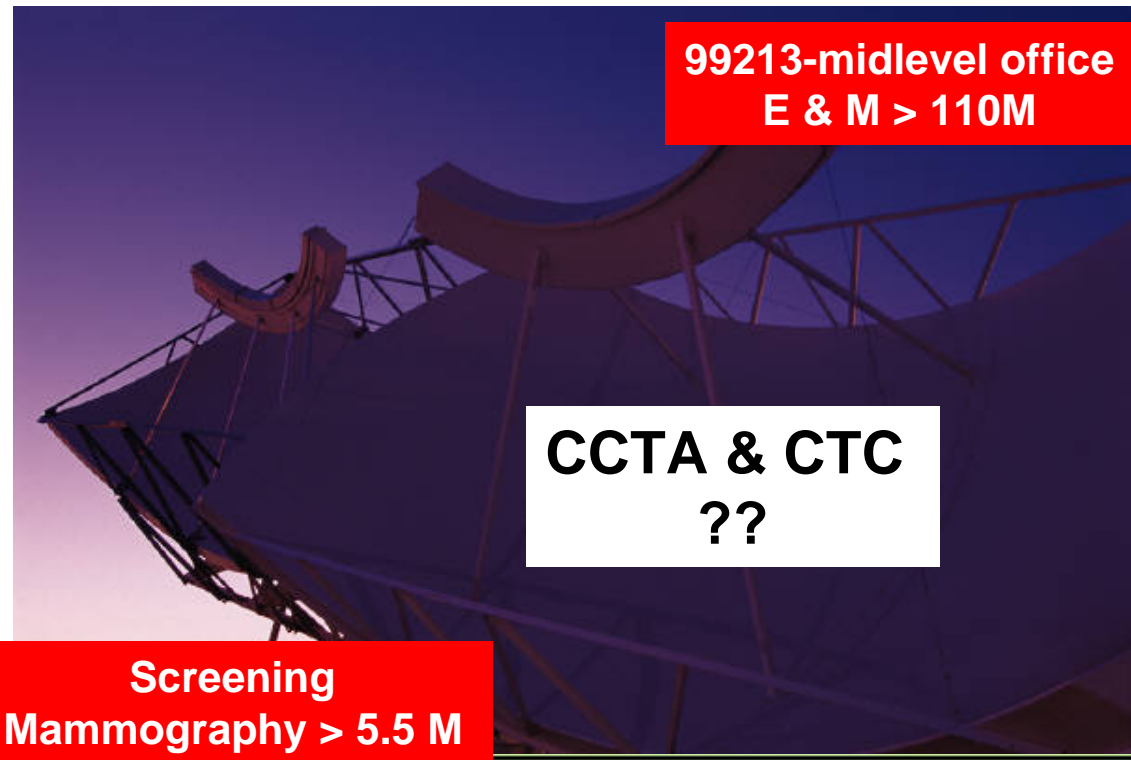
- ACR RUC Member - Bibb Allen
- ACR RUC Advisor - Geraldine McGinty
- ACR Alternate RUC Advisor - Jonathan Berlin
- PERC Member - Peter McCreight
- Lead ACR Staff - Angela Choe
- My thanks to our emeritus RUC members - Jim Moorefield
and Jim Borgstede

Relationship Between Professional Work and Technical Reimbursement

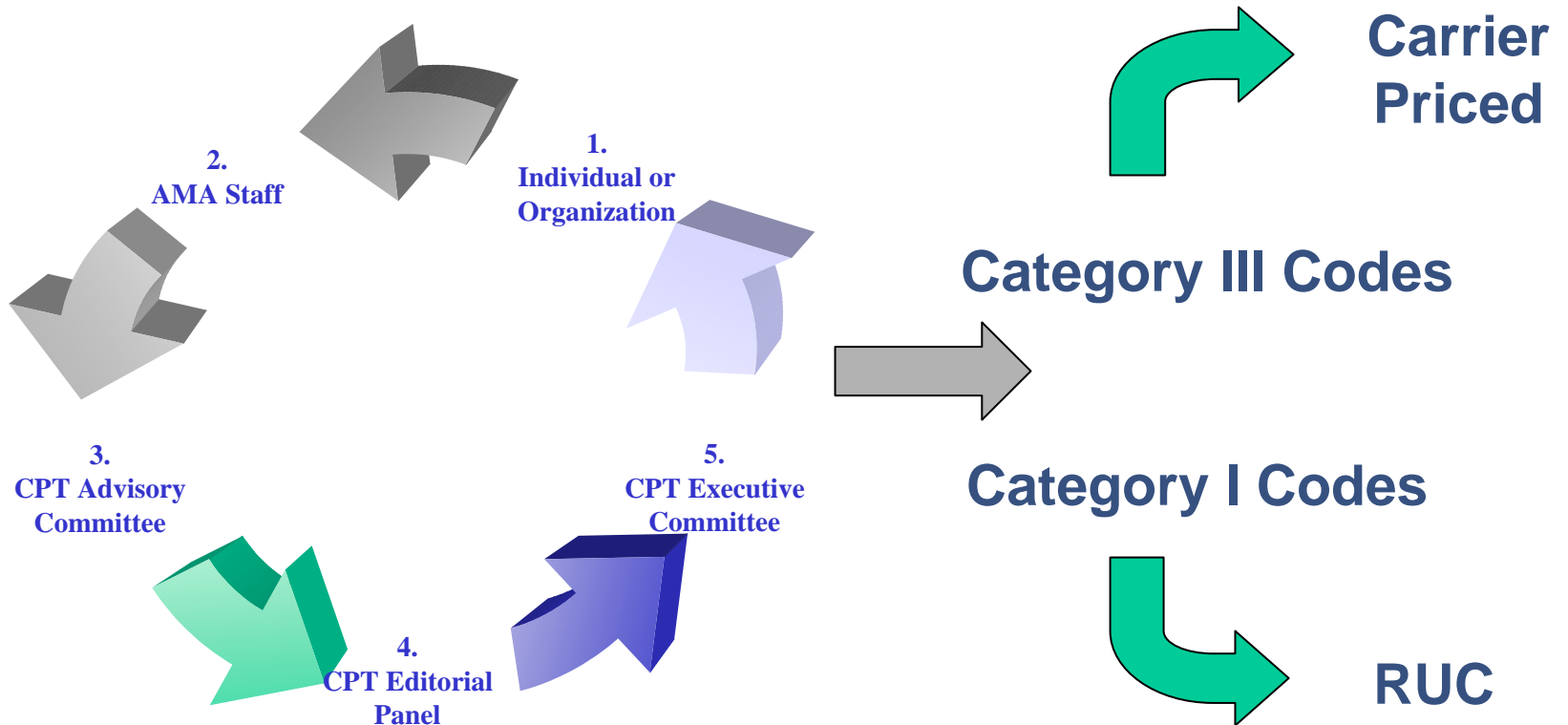
- Radiology service payments have a professional component (PC, -26) payment and Technical Component (TC) payment
 - The PC is compensation for our professional work
 - The TC is a practice expense payment designed to compensate physicians for the costs of providing the examination
 - CMS does not believe there is an inherent ‘profit margin’
- The global payment combines the TC and PC into a single payment to physicians providing in-office imaging
- RUC has a role in valuation of the PC and the TC

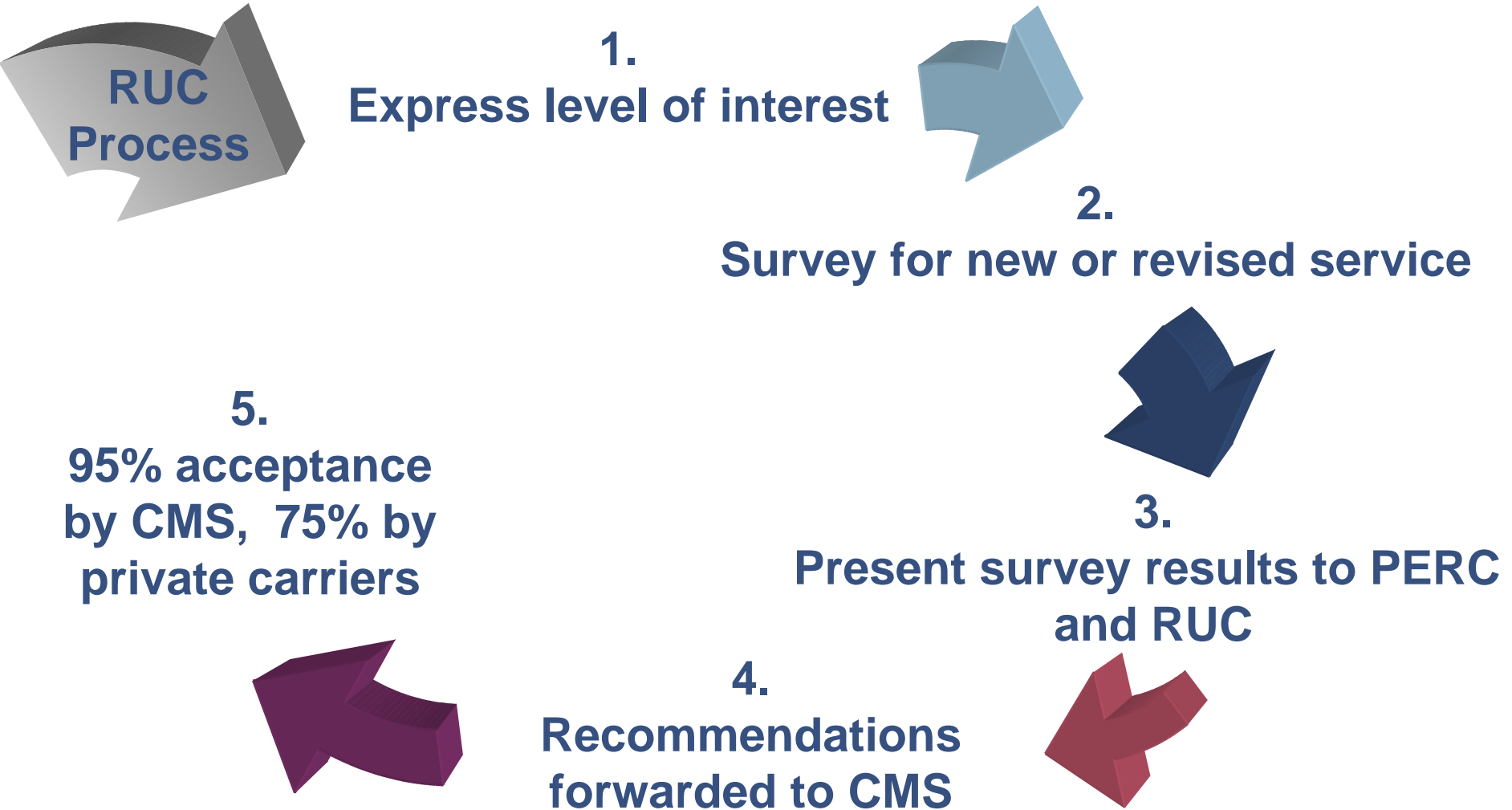
RUC RADAR Screen

- Not supposed to look at magnitude impact of code valuation (but they do)
- CCTA is an example
 - >5.6 Million ER visits alone in 2002 with ICD-9 codes of “chest pain” and therefore potential candidates for CCTA



CPT / RUC Process





RUC Activity For The 2007 MFS

- Ultrasound, transplanted kidney
- Stereotactic radiation treatment delivery (2 codes)
- Interstitial fiducial marker placement
- MRI functional cortical and subcortical brain mapping (3 codes)
- Percutaneous intradiscal annuloplasty (2 codes)
- Percutaneous radiofrequency pulmonary tumor ablation
- Uterine fibroid embolization
- Urinary bladder residual study

Valuation Of Category III Codes

- Category III CPT codes are not valued by the RUC
- Coronary CT and CCTA
 - As a result of ACR and ACC efforts, carriers have valued these and are reimbursing them on a limited basis
 - TC will be subject to the DRA
 - A concern for high utilization will create incredible scrutiny in the valuation process

Medicare Reimbursement Facility Versus Non-Facility

Medicare Reimbursement Category I Codes	Professional Component	Technical Component
Hospital Outpatient	Medicare Fee Schedule	HOPPS
Hospital Inpatient	Medicare Fee Schedule	DRG
Non-Hospital Outpatient	Medicare Fee Schedule	Medicare Fee Schedule (in 2006)

Medicare Reimbursement Facility Versus Non-Facility

Medicare Reimbursement Category III Codes	Professional Component	Technical Component
Hospital Outpatient	Carrier Priced	HOPPS
Hospital Inpatient	Carrier Priced	DRG
Non-Hospital Outpatient	Carrier Priced	Carrier Priced (DRA Impact 2007)

Medicare Reimbursement Coronary CT / CTA Hospital Outpatient

	HOPPS / APC	Professional
0144T	\$250.17	Carrier
0145T	\$299.43	Carrier
0146T	\$299.43	Carrier
0147T	\$299.43	Carrier
0148T	\$397.11	Carrier
0149T	\$397.11	Carrier
0150T	\$250.17	Carrier
+0151T	\$94.82	Carrier

Medicare Reimbursement Coronary CT / CTA Cigna* Non-Facility Outpatient

	Global	Technical	Professional
0144T	\$258.90	\$200.20	\$58.70
0145T	\$608.99	\$496.41	\$112.58
0146T	\$708.50	\$587.54	\$120.96
0147T	\$713.54	\$587.54	\$126.00
0148T	\$720.54	\$589.54	\$131.00
0149T	\$719.00	\$589.54	\$130.00
0150T	\$726.54	\$589.54	\$137.00
0151T	\$241.05	\$130.49	\$110.56

Cigna Government Services Reimbursement (North Carolina, Idaho, Tennessee), Effective 4/1/06 :
www.cignamedicare.com/articles/march06/COPE4028.html

The 2007 Five Year Review

- The RBRVS is reviewed every five years
 - Mandated by Congressional statute
 - Codes can be brought by CMS, specialty and CMDs
 - Code becomes vulnerable to value change
 - Question: has work changed in last 5 years, how, and why
- Fixed pool of health care dollars - Budget neutrality adjustment

The 2007 Five Year Review

- Although CMS submitted no codes for the 2002 Five Year Review, CMS submitted 168 codes for the 2007 Five Year Review
- CMS criteria for code submission for the Five Year Review
 - High volume
 - Not previously RUC valued / surveyed
 - Shift in site of service from in-patient to out-patient
 - CMS likely believed the codes it submitted were over-valued

The 2007 Five Year Review

- The ACR presented 37 codes
 - CT, plain films, IR, DEXA, cardiac MR, ultrasound, nuclear medicine, and radiation oncology
 - 32 were CMS requested and 5 (cardiac MR) were specialty requested (ACR and ACC)
- 44,117,283 Medicare relative value units or \$1,671,934,743 Medicare dollars were at risk for radiology

The 2007 Five Year Review

- Thanks to all who participated in the survey process
- We had hundreds of surveys for each code
- Overall our success in defending the values for our services was excellent
- Since CMS was the final arbiter, the results of the Five Year Review were not made available until release of the Proposed Notice June 21, 2006

The 2007 Five Year Review Outcome

- Values of major services successfully defended
- Cardiac MRI not valued and referred to CPT for new codes with the caveat that there is potential for new work
- RUC recommended reductions for certain cardiac NM codes and DEXA based on the survey result
- The RUC recommended a 20% increases in the values of E&M services (\$ 4 billion) and CMS accepted this recommendation

The 2007 Five Year Review Outcome

Budget Neutrality

- Section 1848 (c) (2) (B) (ii) (II) of the Social Security Act requires that adjustments in RVUs may not cause total Medicare Physician Fee Schedule payments to differ by more than \$20 million
- When this tolerance is exceeded CMS must make a budget neutral adjustment

The 2007 Five Year Review Outcome

- Budget Neutrality Options For The Five Year Review
 - Change Conversion Factor
 - Best for radiology
 - Historical precedent
 - Change RVUs
 - RVUs are used outside MFS
 - RVUs are used for productivity
 - Changes may not be applied equally across MFS
- CMS chose to implement a 10% Budget Neutral Adjustment to the physician work RVUs which will decrease the payments for the PC codes by about 7.3%

The 2007 Five Year Review Outcome

- Budget Neutrality Adjustment For Physician Work RVUS
 - Vigorously opposed by the ACR
 - Vigorously opposed by the RUC and almost all medical specialties
 - Not opposed by ACC
- Reasons For ACR Opposition
 - Major impact on hospital based physicians
 - RVUs are used outside MFS
 - Historical precedent for changing the CF
- Impact of industry on the current Administration

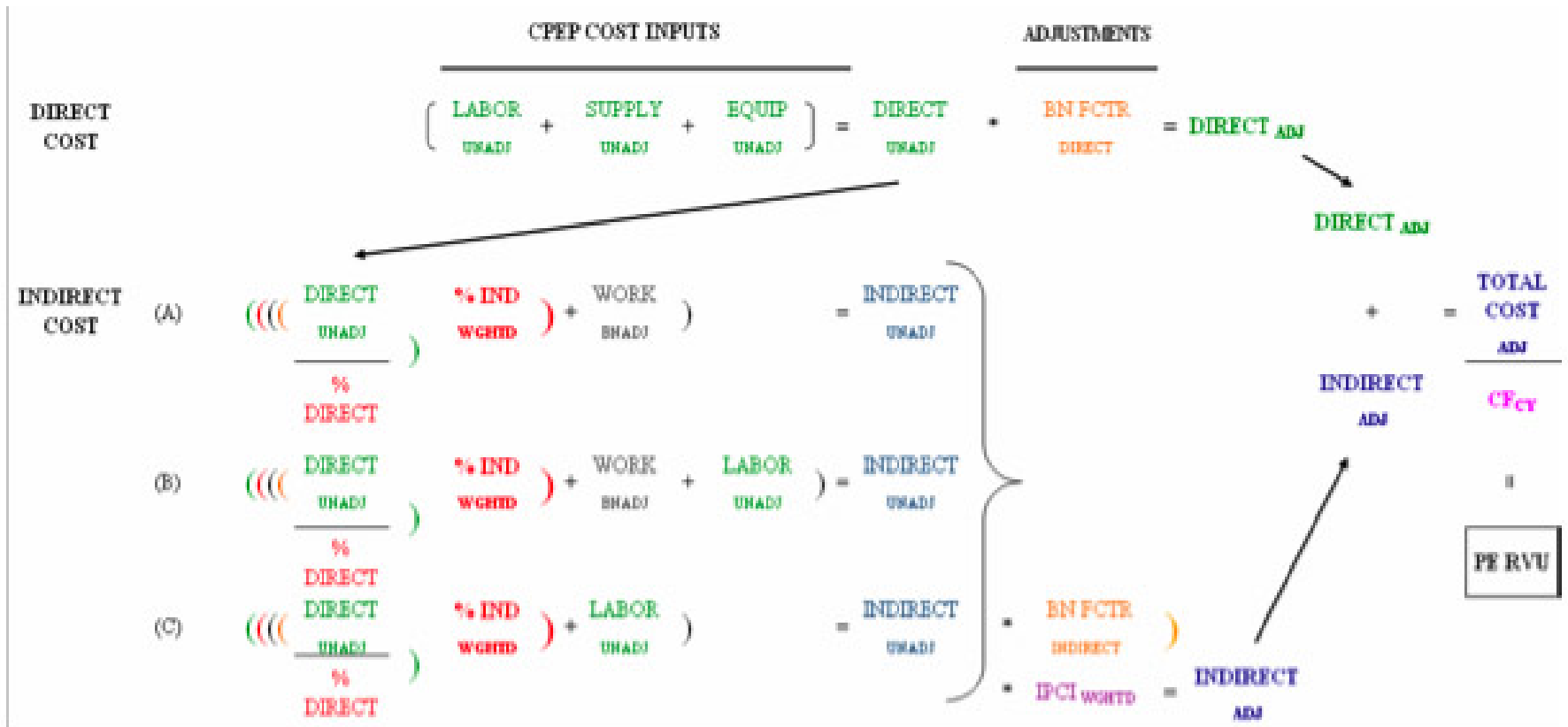
Practice Expense Methodology

CMS Goals

- Ensure PE reflects relative resources required to greatest extent possible, using best available data
- Develop an understandable, intuitive system so changes are easily predicted
- Stabilize RVUs to reduce fluctuations in year-to-year payments

CMS Practice Expense Methodology

Intuitive and Easily Understood



Practice Expense Methodology

- Detected flaw in one step of the methodology that will improve PERVUs for the PC codes and CMS accepted our comment
- CMS accepted the ACR Supplemental Survey
 - Improves radiology indirect PE
 - Last SMS survey had radiology PE / hour at \$68
 - Supplemental survey increases this to \$174
- Multispecialty Survey sponsored by CMS and AMA is beginning in 2008 and will be available for calculating practice expense payments for the 2010 MFS
 - May dilute the gains made in the Supplemental Survey

Supplemental Practice Expense Surveys

Specialty	Clinical Labor	Supplies	Equip.	Admin. Exp	Office Exp	Other Exp.	Total
Allergy/Immunology	65.9	22.5	6.3	56.3	65.9	31.1	248
Cardiology	59.6	25.9	18.6	53.3	52.7	25	235.1
Dermatology	40.6	15.4	11	51.5	78.8	28.2	225.5
Gastro-enterology	30.2	8.2	5.9	39.6	48.4	13.3	145.6
IDTF	111.6	55	302.5	155.5	121.2	189.5	935.3
Radiology	29.1	11.3	27.3	37.8	23.9	44.8	174.2
Radiation Oncology	49.7	4.8	27.6	26	39.7	28.1	175.9
Urology	27.9	14.4	11.2	42.3	53.8	23.4	173

ACR Influence on RUC and CMS

- Thru RUC survey process for new and revised CPT codes (average of >50 per year)
- Validation Panels with CMS
- Leadership positions on CPT and RUC
 - Bill Thorwarth is a CPT editorial panel member and vice chair
 - Rich Duszack is the ACR CPT advisor and is Editor-in-Chief for numerous ACR coding publications
 - Jim Borgstede is a former RUC member and chaired RUC research subcommittee and 5 year review panel
 - Bibb Allen is the ACR RUC and member of RUC Research Expense
 - Geraldine McGinty is the ACR RUC advisor and a member of the Five Year Review code identification workgroup
 - Peter McCreight member of Practice Expense Review Committee

Separating Professional Services From Technical Reimbursement

- Professional component valuation not affected by the DRA although CMS PE methodological changes could have an impact on indirect practice expense payment (administrative overhead, billing, etc.) allocated to the PC
- Professional component (physician work) valued separately by the RUC without any direct linking to practice expense (TC)
- The professional component is our professional work product as a physician whereas the technical component is compensation for performing the diagnostic test

Challenges To Maintaining Our Professional Reimbursement

- Maintaining rank order for new codes
- MedPAC's quest for identifying and correcting over-valued physician services
- Bundling of services
- Outsourcing of professional services

Maintaining Rank Order For Our New Codes

- RUC Challenges
 - Distinct leaning toward primary care physicians
 - Suggestions to change the composition of the RUC to further represent PCPs
 - New alliances are forming at the RUC
 - Dramatic increased in utilization of MR, CT and PET have put radiology squarely in the cross-hairs
 - Radiology has no friends

Maintaining Rank Order For Our New Codes

- New radiology codes are having difficulty getting valued at the levels we expect based on our existing services
 - Time spent performing the service is the biggest driver at the RUC
 - Radiology times are increasingly under scrutiny
 - Efficiency is penalized by poor valuation
 - Short procedure time while good for patients leads to suboptimal valuation
 - Remember 60 minutes of face to face ICU care gets 4.00 RVU and MRI Brain C-/C+ gets 2.36 RVU

Identifying And Correcting Overvalued Physician Services

- MedPAC says the Five Year Review process does not do a good job at identifying overvalued physician services
- Med PAC has been critical of the RUC for not being more proactive in finding over-valued services
 - Medical specialties will align
 - Surgical specialties will align
 - Radiology could become a scapegoat
- MedPAC will seek other means if the RUC does not take on this role
- Radiology has no friends

The ACR Is You!

Join

Participate in the survey process

Your economic success and the success of your
specialty depends on it!