

Optometry Coding & Billing Alert

Reader Question: Geography Affects Your Payments

Question: My optometrist has asked me to explain how to figure out what our reimbursement will be based on the RVUs a payer assigns to a code. He wants to know why we're getting paid differently than his colleague in another state. Can you help?

Arkansas Subscriber

Answer: Many insurers adopt in some form Medicare's resource-based relative value scale, which assigns codes relative value units (RVUs) based on the service's work and required resources. Each code consists of RVUs that represent service work, practice expense, and professional liability. These values depend on the service's location -- nonfacility or facility.

Do the math: To calculate how much a particular code pays nationally based on the Medicare Physician Fee Schedule (MPFS), you multiply the total location-specific RVUs for the code by Medicare's conversion factor (CF). The 2009 CF is 36.0666.

Example: For 2009, the MPFS assigns 1.70 total nonfacility RVUs to the levelthree established patient visit code 99213. So nationally, the code pays \$61.31.

Tip: For insurers that use Medicare's Resource-Based Relative Value Scale (RBRVS) with a different CF, substitute the payer's rate.

Don't forget: You also have to account for any geographic adjustments for your area, which explains why your physician might receive a different amount than his colleague for the same exact service.

Payers may follow Medicare's lead and subject payment rates to geographic practice cost indices (GPCIs), which account for cost-of-living differences based on locality. To calculate how much Medicare pays for a code in your area:

1. Multiply a service's component RVUs by your corresponding GPCIs, and add the figures to obtain the code's geographically adjusted total RVUs. There is a different GPCI adjustment for each of the components: work, practice expense, and professional liability.
2. Then, multiply the total adjusted RVUs for the service by the payer's CF.

-- Answers to You Be the Expert and Reader Questions reviewed by **David Gibson, OD, FAAO**, a practicing optometrist in Lubbock, Texas.