

## Part B Insider (Multispecialty) Coding Alert

### Expense Indexes May Not Reflect Your Real Costs, Says GAO

If you are frustrated by the geographic practice cost indices (GPCIs), a March 11 **Government Accountability Office** report won't do much to help.

The three GPCIs - practice expense, physician work and the malpractice expense - lower fees for private medical practices in areas where costs are below the national average.

According to "Geographic Adjustment of Medicare Fees" (GAO-05-119), the GPCIs are not truly effective because the wage data used in the work and practice expense GPCIs are not current, and the data used in the malpractice GPCI are incomplete, the report reads.

**Also:** Although Medicare revenue affects 25 percent of a physician's income, GPCIs raise or lower income by no more than 2 to 3 percent in most localities.

The **American Medical Association** disagreed, saying that rural physicians and certain specialists derive much more of their income from Medicare.

The AMA also said that the GPCI's true effect on physician income is actually twice the GAO's estimate since the GPCIs should be applied to gross revenue, not net income. This negative effect gets amplified since some private plans and state Medicaid programs base their **physician fees** on Medicare fees, the AMA said.

The GAO recommended that the **Department of Health and Human Services** update and refine its data methodology, but the HHS disagreed with most of the findings.

To read the report, go to [www.gao.gov/new.items/d05119.pdf](http://www.gao.gov/new.items/d05119.pdf).