

Part B Insider (Multispecialty) Coding Alert

Part B Payment: Calculate Fees Differently in '09

We'll show you how your payer will establish fees.

CMS has tried to make it easier for you to calculate fees this year -- but for some practices, one step forward results in two steps back.

The lowdown: CMS recently condensed all 56 Physician Fee Schedule (PFS) carrier specific pricing files into one zip file (available online at www.cms.hhs.gov/PhysicianFeeSched/PFSCSF/list.asp). However, many physicians are confused about how CMS has derived its calculations this year.

Although the 2009 conversion factor slipped from 38.0870 to 36.0666, in 2009, CMS no longer applies a budget neutrality adjuster (BNA) to a procedure's work RVUs.

Get this: Here's how the BNA adjustment and the new conversion factor will change your reimbursement in 2009:

2008 way: In 2008, Medicare payers multiplied a procedure's work RVUs by the BNA, 0.8806, and rounded the result to two decimal places. They would then multiply that amount by a geographic practice cost index (GPCI). The payers would then multiply both the practice expense (PE) RVUs and the malpractice RVUs by the GPCI, and add all three adjusted RVU amounts together. Multiplying that by the 2008 conversion factor showed the payment for that service.

Example: Here's how Medicare computed the fee for 92240 in 2008 (assuming a GPCI of "1"):

$$1.10 \text{ work RVUs} \times 0.8806 \text{ BNA (rounded)} = 0.97$$

$$0.97 \times 1 \text{ GPCI} = 0.97$$

$$5.25 \text{ PE RVUs} \times 1 \text{ GPCI} = 5.25$$

$$0.09 \text{ malpractice RVUs} \times 1 \text{ GPCI} = 0.09$$

$$0.97 + 5.25 + 0.09 = 6.31$$

$$6.31 \times 38.0870 = \$240.33.$$

2009 way: Medicare payers no longer apply the BNA adjustment to only the work RVUs. CMS applies the BNA directly to the conversion factor, which is one reason it's down to 36.0666.

Payers will simply adjust the work, PE, and malpractice RVUs for GPCI, add the results together, and multiply that sum by the conversion factor to arrive at the payment for a procedure.

Example: Assuming a GPCI of "1," here's the 2009 fee for 92240:

$$1.10 \text{ work RVUs} \times 1 \text{ GPCI} = 1.10$$

$$4.81 \text{ PE RVUs} \times 1 \text{ GPCI} = 4.81$$

$$0.09 \text{ malpractice RVUs} \times 1 \text{ GPCI} = 0.09$$

$$1.10 + 4.81 + 0.09 = 6.00$$

6.00 x 36.0666 = \$216.40.