Coding and Reimbursement: The Basics

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I have no disclosures.
Current model of physician reimbursement

- Fee for service
  - “Piecemeal”
  - “Pay for volume”
  - “Eat what you kill”

- Based on system of CPT codes and RVU’s
  - Determined by two AMA panels
    - CPT
    - RUC
  - Used by CMS to set Medicare payment
  - Used by nearly all commercial payers
Physician Payment:
Resource Based Relative Value Units

- Since 1992
- Three components
  - Time/effort (wRVU)
  - Practice expense
  - Liability
- Values set by AMA RVU Update Committee (RUC)
Global Period

• Zero, 10 or 90 days
• Includes all components of care:
  – Preoperative
  – Intraoperative
  – Postoperative
## RVU’s for common surgical procedures

<table>
<thead>
<tr>
<th>Procedure</th>
<th>CPT Code</th>
<th>OR time</th>
<th>Inpatient postop visits</th>
<th>Outpatient postop visits</th>
<th>RVUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laparoscopic cholecystectomy</td>
<td>47562</td>
<td>80 minutes</td>
<td>1/2</td>
<td>3</td>
<td>19.00</td>
</tr>
<tr>
<td>Open cholecystectomy</td>
<td>47600</td>
<td>120 minutes</td>
<td>5</td>
<td>3</td>
<td>30.86</td>
</tr>
<tr>
<td>Open partial colectomy</td>
<td>44140</td>
<td>150 minutes</td>
<td>7</td>
<td>3</td>
<td>38.83</td>
</tr>
<tr>
<td>Whipple procedure</td>
<td>48150</td>
<td>345 minutes</td>
<td>13</td>
<td>4</td>
<td>90.08</td>
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(wRVU + RVU[PE] + RVU[L]) x CF = $

- Work RVU
- Practice Expense RVU
- Liability RVU
- Conversion Factor

Medicare Physician Conversion Factor (2016–2020)

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<th>Year</th>
<th>CF</th>
<th>Actual Update (%)</th>
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<td>Jan 1, 2017</td>
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<td>0.24</td>
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Inspiring Quality: Highest Standards, Better Outcomes
NEGATIVE 10.6% adjustment to Medicare Conversion Factor for 2021???

• Budget Neutrality
Summary: Fee-for-Service Physician Payment

RVU x CF = $
There’s more to it...

• Payments for physician services make up only 20% of total health care costs.
Medicare payment to hospitals

- Hospitals: Part A
  - Inpatient: DRG
  - Outpatient: HCPCS

- Physician services: Part B
Example: Colectomy with anastomosis

• Surgeon payment:
  – CPT 44140
  – 38.83 RVU
  – x 36.09 Medicare conversion factor (2020 rate) = $1401.37
  – x 65 typical commercial conversion factor = $2524

• Hospital payment
  – DRG 331 (without comorbidities)
  – DRG 330 (with comorbidities or complications)
  – DRG 329 (with major comorbidities or complications)
  – Average hospital cost of colectomy is $24,196 - $31,395

• AMA data
How the College engages in coding and reimbursement

**AMA CPT Panel**
- Panel member: Linda Barney, MD, FACS
- ACS Advisor and alternate advisor

**AMA RUC**
- Representative: Christopher Senkowski MD, FACS
- Alternate representative: Michael Sutherland, MD, FACS
- ACS Advisor and alternate advisor

**ACS Division of Advocacy and Health Policy Staff**

**General Surgery Coding and Reimbursement Committee**