

Medicare Reimbursement: Making an Impact

5/18/2023

2:00 pm EST



Agenda

- **Trends in Medicare Reimbursement**

- How is reimbursement calculated?
- 10 (ish) year trend

- **Physician Practice Information Survey (PPIS)**

- Background
- Result Impact: Radiology Example
- Upcoming PPIS

- **Making an Impact**

- **Summary**



Medicare Reimbursement Trends



Medicare Reimbursement

- How does Medicare calculate physician payments?

Medicare PFS Payment Rates Formula

$$\text{Payment} = \left(\frac{\text{Work RVU} \times \text{Work GPCI}}{\text{Work GPCI}} + \frac{\text{PE RVU} \times \text{PE GPCI}}{\text{PE GPCI}} + \frac{\text{MP RVU} \times \text{MP GPCI}}{\text{MP GPCI}} \right) \times \text{CF}$$

- **RVU = Relative Value Units**
- **GPCI = Geographical Pricing Index**
- **CF = Conversion factor**

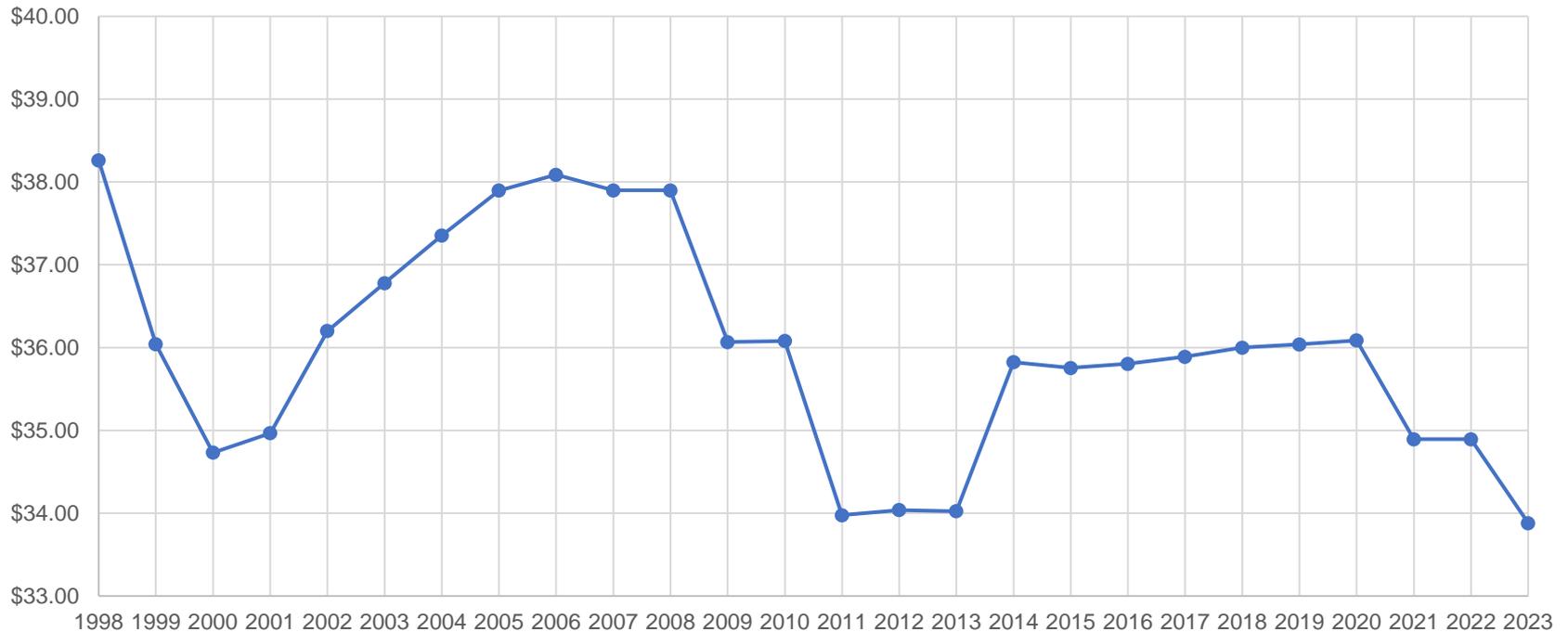
Medicare Reimbursement

- **RVU = Relative Value Units**
 - **Work RVU** - time, effort, and skill required to provide the service
 - **Practice Expense RVU** – overhead costs like rent, utilities, and supplies
 - **Malpractice RVU** – cost of malpractice insurance
- **GPCI = Geographical Pricing Index**
 - ‘Cost of living’ rate based on location
- **CF = Conversion factor**
 - Dollar amount set annually by Medicare Physician Fee Schedule applied towards all payments

Medicare Reimbursement Trends

Conversion factor has stayed between \$33.00 - \$39.00 since 1998, relatively flat in recent years

Historical Conversion Factor



Medicare Reimbursement Trends

Government focus over past 10 years has been reducing healthcare costs while improving value

- **The Budget Control Act (BCA) 2011:**

- Imposes caps on federal spending and requires automatic spending cuts if the caps are exceeded
 - Implemented -2% Medicare 'sequestration' cut
 - American Rescue Plan spending triggered automatic cut (currently delayed)

- **Affordable Care Act (ACA) 2010:**

- Multifactor Productivity Adjustment reduces the annual CF by an amount equal Hospital to the projected increase in economy-wide productivity

- **Medicare Access and CHIP Reauthorization ACT (MACRA) 2015:**

- Repealed SGR and established the Quality Payment Program which can apply penalties of up to -9%
- Created Alternative Payment Models as alternative from FFS

Physician Practice Information Survey (PPIS)



PPIS - Background

What is the Physician Practice Information Survey?

- Survey conducted by CMS that collects data on the **characteristics** and **operations** of physician practices
- The data collected through the PPIS survey is used to **inform healthcare policy decisions** and to improve the Medicare program's payment policies and **reimbursement rates** to physicians
- More specifically, PPIS survey helps inform CMS on setting **RVU values**
- Last conducted in **2007** using **AMA master file** to review **PE values**

PPIS – Impact Result

Were specialties well represented?

Radiology Example:

- Of 7000+ responses, only **105 responders** were in specialty
- Only **21** actually provided **practice expense** costs
- **Why?**
 - Survey extremely difficult to complete, resulting in partial info
 - Survey not well advertised

PPIS – Impact Result

Practice Expenses have changed **significantly** since 2007

- **Technology/EHR systems**

- More practices adopting and looking for technology-based solutions for medical record access
- Costs associated with implementation/training/maintenance

- **Administrative support**

- Increased needs due to prior authorization, care coordination, regulatory/compliance programs etc

- **Facility and equipment costs**

- Medical devices and diagnostic tools
- Has your rent stayed the same since 2007?

PPIS – Upcoming Survey

- **2021 CMS contracted with RAND on issuing new survey**
- **2023 MPFS included request for information to collect stakeholder feedback**
 - Pilot testing and oversight board suggested....but otherwise quiet on the CMS front

PPIS – Upcoming Survey

- **AMA and Mathematica proposing a 2023 survey using 2022 data**
- **Results would be used to update the Medical Economic Index (MEI)**
- **Targeting April 2023 – December 2024 to conduct**
- **Sample survey going out in April/May before scaling out**
 - 10 practices selected

PPIS – Upcoming Survey

- **AMA/Mathmatica Survey divided into two phases**
 - **Physician Practice Survey:**
 - Focusing on practice finances (revenue + expenses)
 - Best completed by CEO/CFO
 - **Physician Survey Instrument**
 - Focusing on direct patient care (hours spent, rvus)
 - Best completed by practicing physician
- **Intending to survey ~10,800 practices**
 - 3200 responses needed to make results viable
 - 200 Radiology practices to be included

PPIS – Upcoming Survey

- **Lots of Unknowns:**
 - **How will practices be selected?**
 - **How will they be notified?**
 - **What resources will be available for those selected?**
 - **How will accuracy be validated?**
 - **Will CMS accept the results of the survey?**

Making an Impact on Medicare Reimbursement



Making an Impact

- **How can stakeholders improve Medicare reimbursement?**
 - **Education**
 - Understand the key issues driving trends
 - Stay informed on legislative/regulatory issues
 - **Engagement**
 - Share concerns, ideas, solutions with those around you
 - Health systems/hospitals, Healthcare Tech, Patient Advocacy Groups – all have ‘skin in the game’
 - **Action**
 - Make your voice heard!
 - Look for participation opportunities (like PPIS)

Making an Impact - Education

- **Keeping Up with Healthcare Regulatory and Legislative Issues**
 - **Legislation**
 - **Ad-Hoc bills often rolled into larger packages**
 - Keep an eye out for news articles announcing introduction and **watch spending packages** (annual budgets or omnibus bills) for inclusion
 - **Read as many viewpoints as possible for bigger bills (like the ACA)**
 - Legal teams specializing in healthcare regularly provide helpful interpretations

Making an Impact - Education

- **Keeping Up with Healthcare Regulatory and Legislative Issues**

- **2023 Legislation to Watch:**

- Strengthening Medicare for Patients and Providers Act

- **Ties the annual Conversation Factor rate to the Medicare Economic Index (MEI)**

- MEI currently used as reference to *establish* RVUs but not **directly connected** to payments

Making an Impact - Engagement

- **Engage and educate others**
 - Leverage relationships internally and externally, share concerns and impact
 - Consider online presence like message board participation
 - Start a conversation!
 - “Hey, we’re seeing this – are you?”
 - Goal is for conversation to spread

Making an Impact - Action

- **Look for opportunities to get involved**
 - **Physician Practice Information Survey (PPIS)**
 - If selected, make time to appropriately respond
 - **MPFS Proposed Rule**
 - Public comments open to all after release
 - Consider submitting comments on payrates (CF) or specific policies
 - **Lobbying**
 - Contact representatives on important legislation (for or against!)
 - Specialty or Academic Societies – look for ways to get involved or encourage participation
 - <https://www.dontcutdocs.com/>

Summary



Making an Impact – Summary

- **Medicare reimbursement has remained stagnate at best, does not account for inflation**
 - **Elements included in payment formula out of date**
 - Practice Expense RVU
- **Best evidence comes from those ‘in the trenches’**
 - Look for ways to get involved and engage others
 - Even ‘small things’ (like signing a petition) are extremely helpful in moving the needle

Thanks!

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