

Coding and Reimbursement: The Basics

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I have no disclosures.



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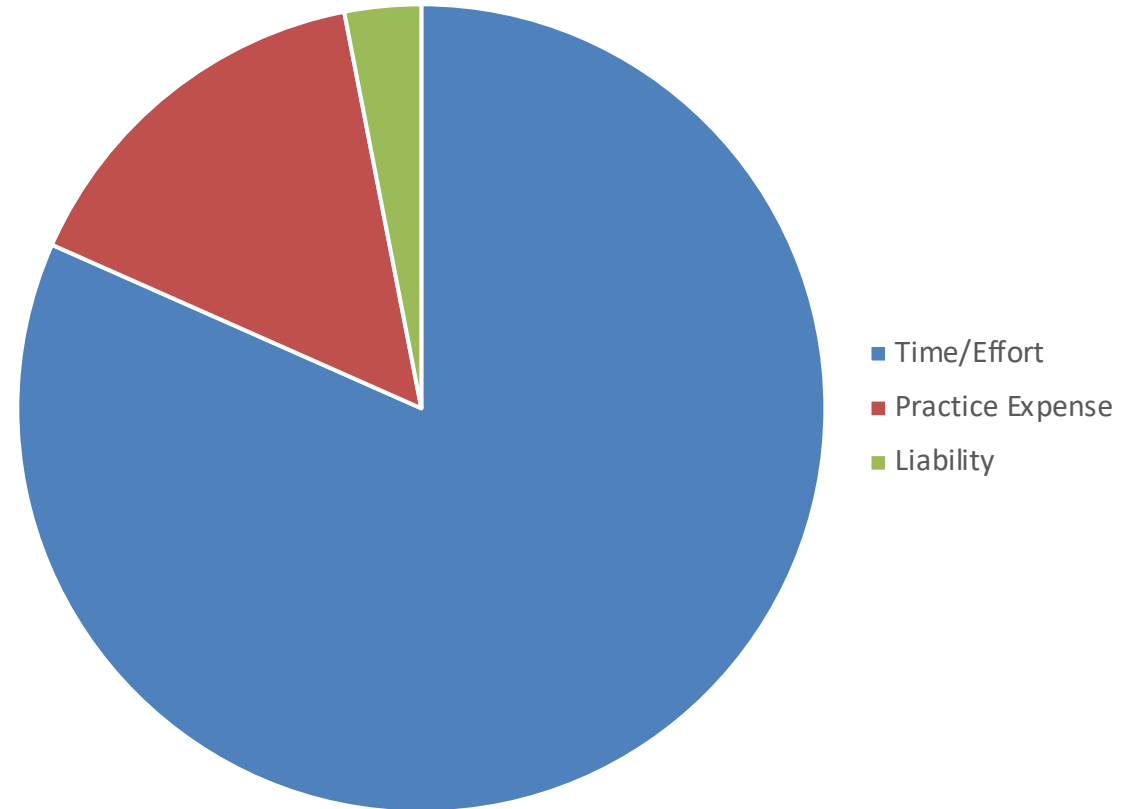
Current model of physician reimbursement

- 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



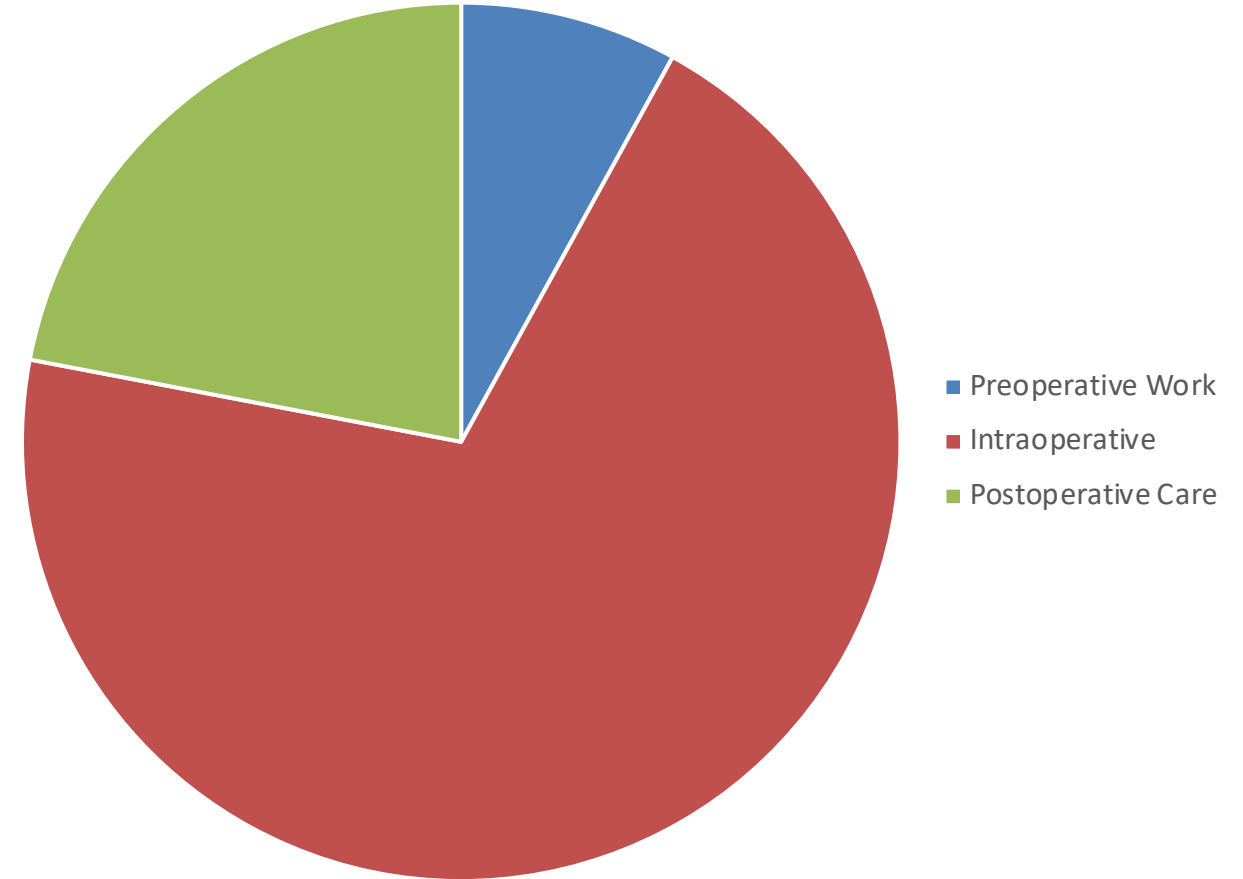
Physician Payment: Resource Based Relative Value Units

- 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

Procedure	CPT Code	OR time	Inpatient postop visits	Outpatient postop visits	RVUs
Laparoscopic cholecystectomy	47562	80 minutes	1/2	3	19.00
Open cholecystectomy	47600	120 minutes	5	3	30.86
Open partial colectomy	44140	150 minutes	7	3	38.83
Whipple procedure	48150	345 minutes	13	4	90.08



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$$(wRVU + RVU[PE] + RVU[L]) \times CF = \$$$

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

Medicare Physician Conversion Factor (2016–2020)		
Year	CF	Actual Update (%)
Jan 1, 2017	35.8887	0.24
Jan 1, 2018	35.9996	0.31
Jan 1, 2019	36.0391	0.11
Jan 1, 2020	36.0896	0.14
Jan 1, 2021	32.2605	-10.61



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NEGATIVE 10.6% adjustment to Medicare Conversion Factor for 2021???



- Budget Neutrality



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Summary: Fee-for-Service Physician Payment

$$RVU \times CF = \$$$

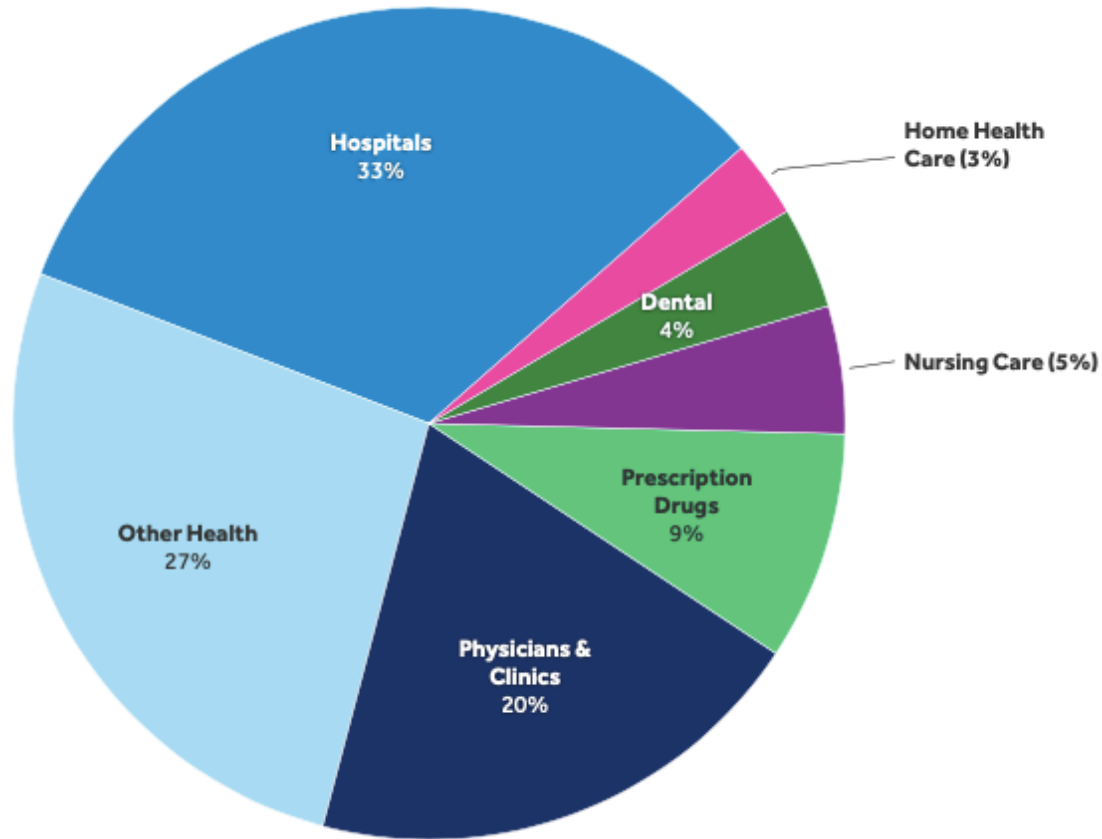


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There's more to it...



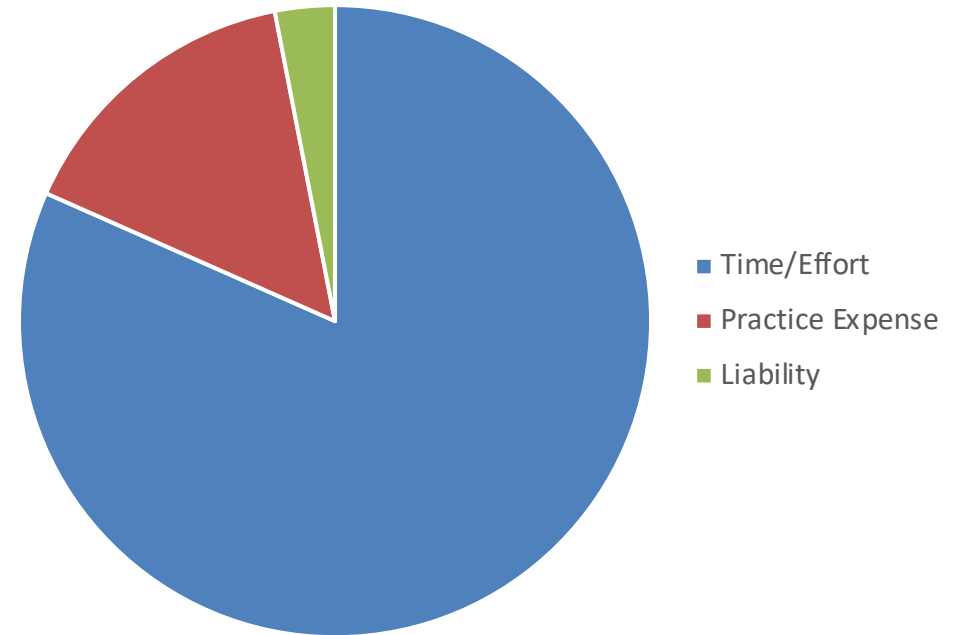
- Payments for physician services make up only 20% of total health care costs.



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

ACS Division of Advocacy and
Health Policy Staff

AMA RUC

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

General Surgery Coding and
Reimbursement Committee



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