Dynamic Chiropractic

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RBRVS - What Is It? How Will It Affect You?

Donald M. Petersen Jr., BS, HCD(hc), FICC(h), Publisher

Imagine, if you will, a reimbursement system that is adopted by all third party payers. A system that dictates what you will and will not be paid, and how much. This system will be instituted as the Medicare Fee Schedule in January 1992; that is only the beginning.

What is it? How does it work? Who thought of it, and why? What will the effect be on your practice?

The Omnibus Budget Reconciliation Act of 1989 (OBRA89) legislated a system to be used in the development of the Medicare Fee Schedule. This system is called the Resource-Based Relative Value Scale (RBRVS). Five of the six authors are with the Harvard School of Public Health. They consist of one MD, four Ph.Ds, and one consultant. The primary developer of this system is William C. Hsiao, Ph.D.

The RBRVS was designed to address the soaring cost of health care in the United States; the inequities between geographic areas; time in practice; and the current payment schedule. The RBRVS will begin with the Medicare Program in January of 1992. Many public and private health reimbursement are expected to adopt a similar system. The RBRVS was designed to replace the current system of customary, prevailing and reasonable (CPR). Included in the new reimbursement strategy is the elimination of balanced-billing.

The 1989 Omnibus legislation also created the Agency for Health Care Policy and Research (AHCPR). Fortunately, members of the chiropractic research community have recently met with representatives of the AHCPR in an effort to make them aware of chiropractic's role in the health care arena (please see related article on page ###).

At the base of this new system is the "relative value scale" (RVS). The RVS compares and rates individual health care services according to the relative value of each. Specific fees are computed by multiplying the RVS by a "dollar conversion factor" which takes into account other physician costs.

There are basically three components of the RBRVS: total work; relative specialty practice cost; and the amortized value of the opportunity cost for specialized training. Total work is defined by six factors: time; technical skill; mental effort; physical effort; judgment; and stress. These factors are measured before, during, and after the specific service or procedure.

Basically, a RBRVS for a particular procedure is comprised of a physician's total work (50%); practice costs (45%); and malpractice costs (5%). Practice costs are defined as overhead costs including office rent, non-physician salaries, equipment and supplies.

The use of relative value scales dates back to 1956. The current RBRVS was first presented by Dr. William Hsiao and Dr. William Stason in the 1979 Fall issue of the Journal of Health Care Financing. Since that time, the concept has been refined through a careful process of research and review. In

fact, the RBRVS study is said to have involved more input by more physicians than any other payment study.

The process of developing RBRVS for every diagnostic and therapeutic procedure is still ongoing. Thus far, relative values have been developed for approximately 1,400 of the more than 7,000 CPT code procedures.

The initial data needed for the development of chiropractic relative value scales is just now being collected and compiled (please see "This Is Your Only Chance.... But You Must Do It Now" on page three of the January 4, 1991 issue).

The RBRVS will be phased into the Medicare system between January 1, 1992 and December 31, 1995. During this time, it can be anticipated that, depending on the success and acceptance of the RBRVS system, many public and private reimbursement systems will be considering instituting the same type of program.

While the RBRVS is a very complicated system, there are some general changes that can be anticipated:

- Payments for health care in rural areas will increase under this system (due to "geographic adjustments") while payments to metropolitan areas will decrease.

- According to a study conducted by the Physician Payment Review Commission (created by Congress in 1986), payments for surgical procedures will decrease as much as 25% while payments for family practice could increase as much as 37%.

While Medicare may only be a small part of your practice, you should understand very clearly, that the RBRVS will probably be used in some form by most third party payers. Blue Cross/Blue Shield already met in 1990 to discuss the advantages of adopting this system nationwide. Many, if not most, of the state workers' compensation systems will be moving in this direction as well.

DMP Jr., BS, HCD(hc)

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