

2018



RVS Update Process

AMA/Specialty Society

The Value of the RVS Update Committee and its Process

When Medicare transitioned to a physician payment system based on the Resource-Based Relative Value Scale (RBRVS), the American Medical Association (AMA) anticipated the effects of this change and formulated a multi-specialty committee. This committee, known as the RVS Update Committee (RUC) provides medicine a voice in describing the resources required to provide physician services. The RUC has submitted numerous recommendations to the Centers for Medicare & Medicaid Services (CMS) that enhance the underlying data used to create relative values. The RUC, in conjunction with the Current Procedural Terminology (CPT) Editorial Panel, has created a process where specialty societies can develop relative value recommendations for new, revised and potentially misvalued codes. The RUC carefully reviews survey data presented by specialty societies and develops recommendations for consideration by CMS. The RUC has achieved many noteworthy accomplishments including:

- May 30-31, 1992 - The RUC considered the first relative value recommendation from a specialty society. The American College of Obstetricians and Gynecologists, Society of Interventional Radiology, and American College of Radiology presented a work RVU recommendation for CPT code 58345 *Transcervical introduction of fallopian tube catheter for diagnosis and/or re-establishing patency (any method), with or without hysterosalpingography*. CMS accepted this first recommendation. This action was the beginning of a meaningful working relationship with CMS that has resulted in a typical annual acceptance rate of over 90% for RUC recommendations.
- January 1997 - The RUC participated in the first Five-Year Review of the RBRVS, a process dedicated to reviewing the practice expense and work RVUs associated with the entire Medicare Relative Value Scale (RVS). The RUC submitted more than 1,000 CPT codes, including increases to the E/M services. CMS did not fully accept the E/M increase in 1997 and the RUC would pursue this recommendation again for implementation in 2007. CMS accepted 95% of the RUC's recommendations for all services, which included RVU changes to 400 codes.
- March 2004 - The RUC assumed the responsibility of correcting flawed Medicare data by creating a subcommittee of the RUC called the Practice Expense Advisory Committee (PEAC) in November 1998. The PEAC was charged to review the practice expense inputs (clinical staff, medical supplies and equipment) of existing codes. In March 2004, the PEAC successfully completed its review and refinement of direct practice expense inputs for 6,500 CPT codes.
- January 2007 - Improvements to work relative values for Evaluation and Management services were implemented as a result of the RUC's efforts in the third Five-Year Review of the RBRVS.
- April 2008 - The RUC submitted work relative value and direct practice expense input recommendations to CMS on the Medicare Medical Home Demonstration project.
- January 2009 - CMS implements the first RUC recommendation resulting from efforts by the RUC's Relativity Assessment Workgroup to identify misvalued physician services. To date, approximately 2,300 physician services have been examined, leading to nearly \$4.5 billion in redistribution within the Medicare Physician Payment Schedule.
- January 2013 - CMS implements the RUC recommendations and begins payment for CPT codes 99495 and 99496 for the care of transitioning patients from a hospital or skilled nursing facility to the home. In 2016, these codes have been provided 940,000 times, representing \$176 million in Medicare spending.
- January 2015 - The RUC and CPT Editorial Panel continue their initiative to address payment for non face-to-face services and Medicare announced it will pay for monthly care management services. CPT code 99490 is designed to capture non-face-to-face services to all patients receiving 20 minutes or more of clinical staff management time to address multiple, significant (two or more) chronic conditions. This code was reported over 2 million times in 2016 with \$90 million in Medicare spending.

The RUC is a unique multi-specialty committee dedicated to making relative value recommendations for new, revised, and potentially misvalued codes as well as updating RVUs to reflect changes in medical practice. Because of this unique structure, the RUC has created the best possible advocate for physician payment, the physician. It is through the work of these dedicated physicians who contribute their time, energy and knowledge that make the RUC process a success that benefits all practicing physicians.



RVS Update Process

Introduction to the Medicare RBRVS

In 1992, Medicare significantly changed the way it pays for physician services. Instead of basing payments on charges, the federal government established a standardized physician payment schedule based on a resource-based relative value scale (RBRVS). In the RBRVS system, payments for services are determined by the resource costs needed to provide them. The cost of providing each service is divided into three components: physician work, practice expense and professional liability insurance. Payments are calculated by multiplying the combined costs of a service by a conversion factor (a monetary amount that is determined by the Centers for Medicare & Medicaid Services). Payments are also adjusted for geographical differences in resource costs.

The physician work component accounts for an average of 50.9% of the total relative value for each service. The initial physician work relative values were based on the results of a Harvard University study. The factors used to determine physician work include the time it takes to perform the service; the technical skill and physical effort; the required mental effort and judgment; and stress due to the potential risk to the patient. The physician work relative values are updated each year to account for changes in medical practice. Also, the legislation enacting the RBRVS requires the Centers for Medicare & Medicaid Services (CMS) to review the whole scale at least every five years.

The practice expense component of the RBRVS accounts for an average of 44.8% of the total relative value for each service. Practice expense relative values were initially based on a formula using average Medicare approved charges from 1991 (the year before the RBRVS was implemented) and the proportion of each specialty's revenues that is attributable to practice expenses. However, in January 1999, CMS began a transition to resource-based practice expense relative values for each CPT code that differs based on the site of service. In 2002, the resource-based practice expenses were fully transitioned.

On January 1, 2000, CMS implemented the resource-based professional liability insurance (PLI) relative value units. The PLI component of the RBRVS accounts for an average of 4.3% of the total relative value for each service. With this implementation and final transition of the resource-based practice expense relative units on January 1, 2002, all components of the RBRVS are resource-based.



The RVS Updating Process

Annual updates to the physician work relative values are based on recommendations from a committee involving the American Medical Association (AMA) and national medical specialty societies. The AMA/Specialty Society RVS Update Committee (RUC) was formed in 1991 to make recommendations to CMS on the relative values to be assigned to new or revised codes in the *Current Procedural Terminology* (CPT) book. Over 10,000 procedure codes are defined in CPT, and the relative values in the RBRVS were originally developed to correspond to the procedure definitions in CPT.

CPT is maintained by the CPT Editorial Panel. This seventeen-member panel is authorized to revise, update, or modify CPT. Thirteen of the seats on the Editorial Panel are nominated by the AMA and the remaining seats are nominated by the Blue Cross and Blue Shield Association, America's Health Insurance Plans, the Centers for Medicare & Medicaid Services and the American Hospital Association. A representative with expertise in performance measurement and two members of the CPT HCPAC (an advisory committee representing non-MD/DO health professionals) serve amongst the thirteen AMA appointed seats. The coding system is updated annually (including addition of new codes, deletion of codes that are no longer used, and revisions in procedure descriptions) to ensure that it accurately reflects current medical practice. Changes in CPT necessitate annual updates to the RBRVS for the new and revised codes.

The RUC represents the entire medical profession, with 21 of its 31 members appointed by major national medical specialty societies including those recognized by the American Board of Medical Specialties, those with a large percentage of physicians in patient care, and those that account for high percentages of Medicare expenditures. Four seats rotate on a 2-year basis, one seat reserved for a primary care representative, two reserved for an internal medicine subspecialty and the remaining seat is open to any other specialty society not a member of the RUC, except internal medicine subspecialties or primary care representatives. The RUC Chair, the Co-Chair of the RUC HCPAC Review Board, the Chair of the Practice Expense Subcommittee and representatives of the American Medical Association, American Osteopathic Association and CPT Editorial Panel hold the remaining six seats.



RVS Update Committee (RUC)

Chair

American Medical Association

CPT Editorial Panel

American Osteopathic Association

Health Care Professionals Advisory Committee

Practice Expense Subcommittee

Allergy, Asthma & Immunology*	Ophthalmology
Anesthesiology	Orthopaedic Surgery
Cardiology	Otolaryngology
Cardiothoracic Surgery	Pathology
Dermatology	Pediatrics
Emergency Medicine	Plastic Surgery
Family Medicine	Primary Care*
General Surgery	Psychiatry
Geriatric Medicine	Radiology
Internal Medicine	Rheumatology*
Neurology	Urology
Neurosurgery	Vascular Surgery*
Obstetrics/Gynecology	(*Indicates rotating seat)

Advisory Committee

One physician representative is appointed from each of the 119 specialty societies seated in the AMA House of Delegates to serve on the *Advisory Committee* to the RUC. Specialty societies that are not in the House of Delegates also may be invited to participate in developing relative values for coding changes of particular relevance to their members. Advisory committee members designate an *RVS Committee* for their specialty, which is responsible for generating relative value recommendations using a survey method developed by the RUC. The Advisors attend the RUC meeting and present their societies' recommendations, which the RUC evaluates. Specialties represented on both the RUC and the Advisory Committee are required to appoint different physicians to each committees to distinguish the role of advocate from that of evaluator.

Practice Expense Refinement


The AMA continues to participate and monitor all phases of the refinement of the practice expense relative values and continues to advocate that they be based on valid physician practice expense data. Since there



is not a single universally accepted cost allocation methodology, it is especially important that CMS base its methodology on actual practice expense data. The decisions reached by CMS have enormous implications for physicians and all their patients, not just those on Medicare. Since many other payment systems use the Medicare RBRVS, the change to resource-based practice expense relative values has broad implications for the entire health care system. Due to the significance of this issue, the RUC established a special subcommittee called the Practice Expense Advisory Committee (PEAC) to monitor this process. The PEAC was charged with the review of direct expense inputs (clinical labor activities, medical supplies, and equipment) used to calculate practice expense relative values, and made code-specific recommendations to the RUC. The RUC then made the final recommendation to CMS. The PEAC reviewed the practice expense inputs of essentially the entire Medicare Payment Schedule by submitting recommendations for more than 6,500 medical procedures. The composition of the PEAC mirrored the RUC with additional representation from nursing. The PEAC review process was similar to the RUC process, relying on specialty societies to make recommendations that were reviewed by a panel of medical experts and then forwarded to CMS. The PEAC concluded its work in March 2004. The RUC continues to work closely with specialty societies and CMS to maintain the practice expense component of the RBRVS. The RUC, through the Practice Expense Subcommittee, addresses any practice expense policy issues that arise. The Practice Expense Subcommittee also assists the RUC in its review of practice expense inputs for new and revised codes and codes identified through the relativity assessment process or by CMS.

The RUC Health Care Professionals Advisory Committee (HCPAC)

The HCPAC was formed to allow for participation of limited license practitioners and allied health professionals in the RUC process. All of these professionals use CPT to report the services they provide independently to Medicare patients, and they are paid for these services based on the RBRVS physician payment schedule. The 12 organizations seated on the HCPAC represent physician assistants, chiropractors, nurses, occupational therapists, optometrists, physical therapists, podiatrists, psychologists, audiologists, speech pathologists, social workers and registered dietitians. The HCPAC members together with three physician members of the RUC comprise the *RUC HCPAC Review Board*, which is responsible for developing relative value recommendations which are



submitted to CMS for new, revised, and potentially misvalued codes that are reported principally by non-MD/DO professionals. The Co-Chair of the Review Board also serves as a member of the RUC.

RUC Cycle and Methodology

The RUC's annual cycle for developing recommendations is closely coordinated with both the CPT Editorial Panel's schedule for annual code revisions and the CMS schedule for annual updates in the Medicare Payment Schedule. The Editorial Panel meets three times a year to consider coding changes for the next year's edition. The RUC meets after the Editorial Panel meetings to consider relative value codes that are changed or added by the Editorial Panel.

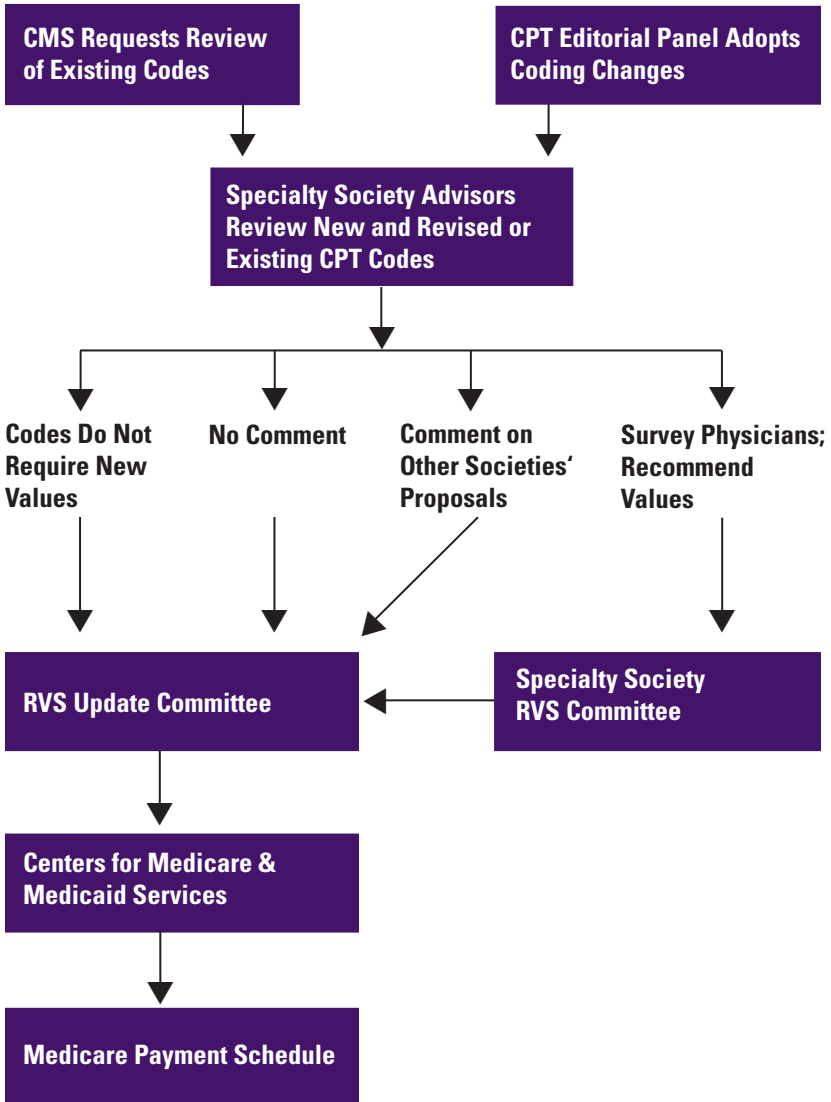
CMS publishes the annual update to the Medicare RVS in the *Federal Register* every year, at about the same time that the AMA publishes the new CPT book for the coming year. The updated CPT codes and relative values go into effect annually on January 1. Due to the close coordination between RUC and CPT and the timely submission of recommendations to CMS, physicians have the benefit of organized medicine's input into relative values for new codes in the same year that the coding changes appear in CPT.

The RUC process for developing relative value recommendations is as follows:

- **Step 1** The CPT Editorial Panel's new or revised codes and CMS and RUC identified potentially misvalued services are transmitted to the RUC staff, who then prepare a "Level of Interest" form. This form summarizes the panel's coding actions and specific CMS requests.
- **Step 2** Members of the RUC Advisory Committee and specialty society staff review the summary and indicate their societies' level of interest in developing a relative value recommendation. The societies have several options: (1) they can survey their members to obtain data on the amount of work involved in a service and develop recommendations based on the survey results; (2) they can comment in writing on recommendations developed by other societies; (3) in the case of revised codes, they may decide that the coding change does not require action because it does not significantly alter the nature of the service; or (4) they may take no action because the codes are not used by physicians in their specialty.



The RUC Process





- **Step 3** AMA staff distributes survey instruments for the specialty societies. The societies are required to survey at least 30 practicing physicians. The RUC survey instrument asks physicians to use a list of 10 to 20 services as reference points that have been selected by the specialty RVS committee. Physicians receiving the survey are asked to evaluate the work involved in the new, revised or potentially misvalued code relative to the reference points. The survey data may be augmented by analysis of Medicare claims data and information from other studies of the procedure, such as the Harvard RBRVS study.
- **Step 4** The specialty RVS committees conduct the surveys, review the results, and prepare their recommendations to the RUC. When two or more societies are involved in developing recommendations, the RUC encourages them to coordinate their survey procedures and develop a consensus recommendation. The written recommendations are disseminated to the RUC before the meeting and consist of physician work, time, and practice expense recommendations.
- **Step 5** The specialty Advisors present the recommendations at the RUC meeting. The Advisory Committee members' presentations are followed by a thorough question-and-answer period during which the Advisors must defend every aspect of their proposal(s).
- **Step 6** The RUC may decide to adopt a specialty society's recommendation, refer it back to the specialty society, or modify it before submitting it to CMS. Final recommendations to CMS must be adopted by a two-thirds majority of the RUC members. Recommendations that require additional evaluation by the RUC are referred to a Facilitation Committee.
- **Step 7** The RUC's recommendations are forwarded to CMS. CMS Medical Officers and Contractor Medical Directors review the RUC's recommendations.
- **Step 8** The Medicare Physician Payment Schedule, which includes CMS's review of the RUC recommendations, is published late Fall.



Annual RBRVS Updates, New, Revised and Potentially Misvalued CPT Codes, 1993-2018

The RUC has submitted over 6,300 relative value recommendations for new, revised and potentially misvalued codes for the 1993-2018 RBRVS annual updates. In addition, the RUC submitted approximately 385 recommendations to CMS for carrier priced or non-covered services, including preventive medicine visits. A major reason for evaluating these codes using the RBRVS system is the widespread adoption of the Medicare payment system by state Medicaid programs and other insurance programs covering pediatric populations. Each year CMS has seriously considered these recommendations when establishing interim values for new or revised CPT codes. CMS’s acceptance rate for the RUC’s recommendations is typically more than 90% annually.

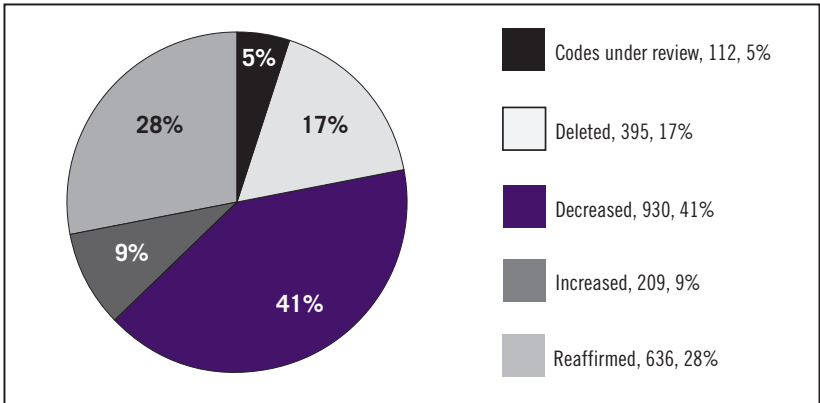
Relativity Assessment Workgroup – Review of Potentially Misvalued Services

In 2006, the RUC formed the Relativity Assessment Workgroup. The purpose of this Workgroup is to identify potentially misvalued services using objective mechanisms for reevaluation. The Workgroup is also charged with developing and maintaining processes associated with the identification and reconsideration of the value of “new technology” services. The Workgroup was established by the RUC following comments from the Medicare Payment Advisory Commission urging CMS to be more diligent in the identification of both potentially over- and under- valued services within the payment schedule for review during the Five-Year reviews.

The RUC has identified nearly 2,300 potentially misvalued services from objective screening criteria and has completed review of nearly 2,100 of these services. The RUC has recommended that over half of the services identified be decreased or deleted (Chart 1). The RUC’s potentially misvalued codes review project accounts for approximately \$45 billion in Medicare allowed charges.



Chart 1.
RUC Potentially Misvalued Services Project by
Total Number of Codes in Project (2,282)



The RUC has worked vigorously over the past several years to identify and address misvaluations in the RBRVS through provision of revised physician time data and resources cost recommendations to CMS. The RUC fully acknowledges that there are services that are now performed more efficiently and these codes have been or will be addressed. For example, the time and valuation for cataract surgery was significantly reduced in 2013. The RUC's efforts for 2009-2018 have resulted in nearly \$4.5 billion in redistribution within the Medicare Physician Payment Schedule.

The Relativity Assessment Workgroup continues to identify and review services. The Workgroup's identification screening process to date includes:

- Bundled CPT services – services often billed together
- Site-of-Service anomalies – services with site of service shifts (i.e., services that were typically in the inpatient setting and are now typically performed in the outpatient setting or physician office)
- Harvard-Valued – services performed over 30,000 times a year that still have the original Harvard established value
- CMS/Other Source – services performed over 100,000 times a year that were not reviewed by either Harvard or the RUC, but are assigned by CMS
- Services surveyed by one specialty but are now predominantly performed by a different specialty



- High Volume Growth – services with a utilization increase of 100% or more in a 3 year period
- High Intra-service Work Per Unit of Time (IWPUT) – services with high intensity relative to other services
- High Level E/M in Global Period – services with Medicare utilization greater than 10,000 that have a level 4 (99214) or level 5 (99215) office visit included in the global period.
- Services with low work RVUs that are billed in multiple units per patient
- Services with low work RVUs that have high utilization
- Services identified on the RUC Multi-Specialty Points of Comparison (MPC) List - a list of common services performed by specialties and used for comparison during the RUC survey process
- High Expenditure Procedural Codes – codes under the Medicare Physician Payment Schedule that have not been reviewed in the last five years with the highest payments per specialty
- Services with Stand-Alone PE time – codes with PE time assumptions not based on physician time
- Pre-Service Time Analysis – codes with pre-service time greater than the standard pre-service time package 4 *Facility – Difficult Patient/Difficult Procedure* (63 minutes)
- Post-Operative Visits – 010 and 090-day global period services with more than six post-operative office visits
- 000-Day Global Services Reported with an E/M with Modifier 25 – services with a 000-day global period billed with an E/M fifty percent of the time or more, on the same day of service, same patient, by the same physician, that have not been reviewed in the last five years with Medicare utilization greater than 20,000.

The RBRVS Five-Year Review Process

In addition to annual updates reflecting changes in CPT, Section 1848(C)2(B) of the Omnibus Budget Reconciliation Act of 1990 requires CMS to comprehensively review all relative values at least every five years and make any needed adjustments. The success of the RUC's role in the annual updates led CMS to seek assistance from the RUC in each of the four Five-Year Review processes. The changes resulting from the four Five-Year Reviews of the RBRVS became effective in January of 1997, 2002, 2007 and 2012.



Each Five-Year Review presented an unprecedented opportunity to improve the accuracy of the physician work component of the RBRVS, as well as a significant challenge to the medical community. All of the codes on the Medicare Physician Payment Schedule were open for public comment as part of each Five-Year Review. The initial Five-Year Review included the development of relative values for pediatric services. The Social Security Amendments Act of 1994 required that RVUs be developed for the full range of pediatric services, as well as determining whether significant variations existed in the work required to furnish similar pediatric patient services.

During the public comment period for the initial Five-Year Review, CMS received nearly 500 letters identifying about 1,100 CPT codes for review. The Carrier Medical Directors, the American Academy of Pediatrics (AAP) and special studies conducted for three specialty societies identified additional codes for review. Following an initial review in late February 1995, CMS referred to the RUC comments on about 3,500 codes.

The second Five-Year Review was initiated in March 2000 when CMS shared comments submitted by 30 specialties on more than 870 codes. The third Five-Year Review was initiated in February 2005 when CMS provided public comments from forty-four specialty societies related to 556 codes. In addition, CMS requested that the RUC review an additional 168 codes, selected principally because they were high volume codes that had not been reviewed since the initial implementation of the RBRVS in 1992.

The fourth Five-Year Review began with the request for public comment from CMS in the November 2009 *Federal Register*. As a result of this solicitation, 290 codes were identified by specialties and CMS to be reviewed in the 2010 Five-Year Review process. In October 2010 and February 2011, all RUC recommendations were submitted to CMS for consideration, with resulting changes effective January 1, 2012.

The RUC is committed to improving and maintaining the validity of the RBRVS over time. Through the RUC, the AMA and the specialty societies have worked aggressively to identify and correct flaws and gaps in the RBRVS. The RUC will continue to review all services considered to be inappropriately valued. CMS will now call for public comments on an annual basis, rather than in a five-year review, as part of the comment process on the Final Rule each year. The next opportunity for comment will be November 2017.



More Information

Visit our website:

<http://www.ama-assn.org/go/rbrvs>

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History of RUC Recommendations

Year	Recommendations Submitted (Number of CPT® Codes)	Work Relative Values at or Above RUC Recommendations (After Completion of Refinement Process)
CPT 1993	253	79%
CPT 1994	561	89%
CPT 1995	339	90%
CPT 1996	196	90%
CPT 1997	90	96%
CPT 1998	208	96%
CPT 1999	70	93%
CPT 2000	130	88%
CPT 2001	224	95%
CPT 2002	314	95%
CPT 2003	350	96%
CPT 2004	162	96%
CPT 2005	149	99%
CPT 2006	283	97%
CPT 2007	254	98%
CPT 2008	266	100%
CPT 2009	233	97%
CPT 2010	216	98%
CPT 2011	292	82%*
CPT 2012	328	87%
CPT 2013	363	90%
CPT 2014	265	76%
CPT 2015	350	86%
CPT 2016	278	78%
CPT 2017	200	85%
First 5-Year Review (1997)	1118	96%
Second 5-Year Review (2002)	870	98%
Third 5-Year Review (2007)	751	97%
Fourth 5-Year Review (2012)	290	75%

* CMS applied a budget neutrality adjustment for additional services in a way contrary to the RUC recommendations.

