

MEDICARE PHYSICIAN PAYMENT 101

UNDERSTANDING THE PHYSICIAN FEE SCHEDULE FOR SURGEONS

HOW MEDICARE PAYS PHYSICIANS

The Medicare Physician Fee Schedule (MPFS) is how the Centers for Medicare & Medicaid Services (CMS) pay physicians for their services.

Medicare currently pays surgeons and physicians on the surgical care team a single fee (called a “global payment”) when they perform a major or minor surgical procedure such as:

- Back Surgery
- Brain Tumor Removal
- Heart Surgery
- Colon Resection
- Endoscopy
- Incomplete Colonoscopy
- Simple Sutures
- Cataract Surgery
- Cardiac Catheterization
- Cardiac Electrophysiology Procedures
- Bronchoscopy
- Bone Biopsy

To permit the surgeon to perform the necessary procedures, a physician anesthesiologist provides an anesthesia service to render the patient free from pain and discomfort. Medicare pays a fee for this service.

PAYMENTS FOR SURGEONS

This single fee covers the physician costs of performing the surgery, plus the related care provided before the surgery and the follow-up care within a 10- or 90-day time frame.

RVUs ACCOUNT FOR:

- The time and intensity needed to perform the work (Work RVUs)
- The costs associated with performing a specific procedure (Practice Expense RVUs)
- Malpractice insurance premiums (Malpractice RVUs)

ANNUAL MEDICARE PFS PROCESS TIMELINE

The Medicare PFS is published in the Federal Register annually, with a proposed rule in the summer, finalized later in the year.



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HOW DOES THE MATH WORK FOR SURGEONS' PAYMENTS?

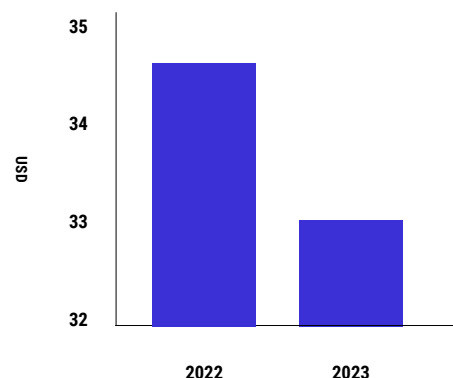
The RVUs assigned to a given service are adjusted to reflect geographic cost differences using a corresponding geographic practice cost index (GPCI). That number is then multiplied by a dollar amount known as the Medicare RBRVS conversion factor (CF).

RVUs X CF = PHYSICIAN PAYMENT

$$\frac{\text{WORK RVU}}{\text{WORK GPCI}} + \frac{\text{PE RVU}}{\text{PE GPCI}} + \frac{\text{MP RVU}}{\text{MP GPCI}} \times \text{CF}$$

PAYMENT

The proposed CY2023 Medicare Physician Fee Schedule (MPFS) conversion factor (CF) is \$33.08, a decrease of 4.42% from the CY2022 MPFS conversion factor of \$34.61.



THE CONVERSION FACTOR HAS NOT KEPT UP WITH INFLATION

Medicare's conversion factors have failed to keep up with inflation and are roughly 50 percent of what they would be if they kept pace with inflation.

ESTIMATED POLICY IMPACTS ON MEDICARE PFS PAYMENTS

