



Physician Payment Issues Implications for Obstetric Care

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The American College of
Obstetricians and
Gynecologists



ACOG, Coding, and the RUC

- ACOG is active with the AMA's CPT Editorial Panel and the Resource Based Relative Value Scale Uppdate Committee
- Committee and Staff activities
 - Recommend new codes
 - Survey members to determine relative values
 - Advise physicians on correct coding
 - Advocate for appropriate payment policies by public and private payers



CPT & RUC are Peer Reviewed

- CPT process defines distinct procedures
- RUC develops relative values (RBRVS) based on CPT definitions
- Medicare, using the RBRVS, does not pay the cost of providing the care

Medicare fee schedule and private payers



- **Most non-government payers use CPT**
 - **Insurers use a modified RBRVS and Medicare payment schedule**
 - **Insurers modify payment and bundling rules**



Obstetric care – the good and the bad

- The RVU processes work “relatively” well for physician work and practice expenses
- Liability expenses are not appropriately accounted for
 - The method of determining costs is flawed (especially for ob/gyn services)
 - Medicare payments are legislatively limited
 - It is NOT malpractice expense
- Insurers bundle so they don't pay for all services provided



From a Insurers Contract: Non- Standard Coding Rules

- **“Group agrees to permit rebundling to the primary procedure those services considered part of, incidental to, or inclusive of the primary procedure and to allow Company to make other adjustments for inappropriate billing or coding (e.g., duplicative procedures or claim submissions, mutually exclusive procedures, gender/procedure mismatches, age/procedure mismatches). As of the Effective Date, in performing rebundling and making adjustments for inappropriate billing or coding, Company utilizes a commercial software package (as modified by Company for all Participating Physicians in the ordinary course of Company’s business) which commercial software package relies upon Medicare and other industry standards in the development of its rebundling logic.”**



Insurers limit recourse

“Arbitration Solely Between Parties; No Consolidation or Class Action.”

Company and Group agree that any arbitration or other proceeding related to a dispute arising under this Agreement shall be conducted solely between them. Neither Party shall request, nor consent to any request, that their dispute be joined or consolidated for any purpose, including without limitation any class action or similar procedural device, with any other proceeding between such Party and any third party.”



Insurer – Physician Relationship

**Win-Win
or
Adversarial
?**



Inquiring minds want to know:

an email received 1/17/2005 from an ACOG member

Since my liability insurance has continued to skyrocket over the past few years, why hasn't the malpractice portion of the RVU allocated to global OB gone up proportionally? If this were to occur, then insurance companies and Medicaid payors who base their fee schedules on RVUs would be forced to pay more for OB, making the increase in liability insurance palatable. Since this has not happened is the RVU system a farce? Who calculates the RVUs? And why haven't they increased the RVUs proportionally?

Thanks
RS, MD



Proposed Factors Used to Calculate Liability Portion of RBRVS

Specialty	Nonsurgical Risk Factor Utilized	Imputed Nonsurgical Premium***	Surgical Risk Factor Utilized	Imputed Surgical Premium***
Gynecologist/oncologist	2.15	\$13,226	5.63	\$34,634
Obstetrics Codes 59000-59899	11.30	\$69,514	11.30	\$69,514
Obstetrics/Gynecology	2.15	\$13,226	5.63	\$34,634
Allergy/Immunology	1.00	\$6,152		



Relative Expenses – from the Show Me State (Missouri, 2004)

Liability Premium

\$103,213

Code 59400 – Global Ob Care with Vaginal Del. - RVUs

Physician Work	23.03
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Practice Expense	14.97
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Liability	4.47
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Conversion Factor \$38

$4.47 \text{ liability RVUs} \times \$38/\text{RVU} = \$170 \text{ per delivery}$



Deliveries Needed to Cover Liability Insurance Cost

$\$103,213 / \$170 = \underline{607}$ deliveries would be needed to cover the cost of Professional Liability Insurance in Missouri (2 per workday)

The national average is 142 deliveries per year.

Non-ob procedures pay a lot less for liability expense.



The Results of Distorted Payments

- **Class action suites**
- **Dissatisfaction with the CPT & RUC process**
- **Access issues (dropping ob, etc.)**



Recommendations

- **Alter physician fee process to include correct liability cost reimbursement (legislative)**
- **Alter RBRVS to allocate liability expenses across all ob/gyn services**
- **Liability system reform**
- **Acceptance of CPT definitions by insurers – voluntary, judicial, or regulatory**