

WRVUs: ARE YOURS ACCURATE?

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In healthcare, wRVUs are synonymous with physician compensation. While much discussion today surrounds how wRVUs will be used going forward with the overarching shift from volume to value, it is safe to say that wRVUs will not go away tomorrow and likely will be in use in some capacity in the foreseeable future. With this in mind, it is worthwhile to step back and ask the question, “Are the wRVUs being used in your physician compensation calculations accurate?”

Several primary factors can affect the accuracy of wRVU calculations as noted below. Some of these items, such as coding, can alter billing, and all of them can have an economic and potential compliance impact. For example, if wRVUs are overstated, leading to an overstated amount of physician compensation, the result can be in pay being outside of fair market value. Similarly, the understatement of wRVUs due to under coding could result in billings and physician pay being lower than appropriate based on the work that the physician is performing.

CODING

Coding can have a dramatic impact on the accuracy of wRVU calculations. As an example, a level three established visit E/M code has a value of 0.97, while a level four code has a value of 1.50, a 50% difference. Thus, over- and under-coding can have a significant impact on the calculation of wRVUs. Fortunately, regular coding audits can help to address these issues. It is important to note that the impact of coding is not limited only to E/M codes, proper coding of surgical codes also can be a significant contributor.

PHYSICIAN FEE SCHEDULE

Another key consideration with the accuracy of wRVU calculations is the Medicare Physician Fee Schedule in use. CMS publishes updated fee schedules at least annually, and the wRVU values for the various CPT codes can change with each new fee schedule posted. Further, new codes can be added, other codes replaced, other codes bundled, etc. Not using the most recent fee schedule can create havoc with the wRVU calculations as what is in use for billing purposes will not align with what is utilized for wRVU calculation purposes. Thus, it is important to ensure that the fee schedule in use in the wRVU calculations reflects the most recent fee schedule available. We recommend an annual update.

MODIFIERS

Finally, the other key area that can affect the accuracy of wRVU calculations is the use of modifiers. Based on our work with clients, this issue is pervasive right now and can have a

substantial impact on physician compensation and fair market value. The market standard is to adjust wRVUs for modifiers in the same manner that payers adjust reimbursement. In fact, the American Medical Group Association Medical Group Compensation and Productivity Survey publishes an RVU Modifier Adjustment Table that establishes their expectation of what the modifier adjustments should be. In our experience, their standard and expectation are consistent with the broader market.

To pick out two modifiers, modifier 80- surgical assist and modifier 50- bilateral procedure, results in a total credit of 16% and 50% of the full wRVU value, respectively. Thus, if a physician is performing a number of bilateral procedures and the wRVUs are not being adjusted, it can result in a substantial overstatement of the wRVU credit assigned to that physician. This lack of adjustment then leads to an overstatement in the compensation paid to the physician and, depending on the severity of the impact, could result in the pay being outside of fair market value. In working on a recent project, Coker discovered that the client's failure to adjust for modifier 80 resulted in a 20% overstatement in wRVUs. Similarly, in another instance, not adjusting for modifier 50 resulted in a 17% overstatement in wRVUs.

As surgeons tend to use modifiers more than other specialties, they are apt to be the most susceptible to issues here, but modifiers should be applied consistently to all specialties/physicians. While the modifier calculation can be performed manually in quick fashion, most EMRs are equipped to perform this calculation automatically, contingent on the loading of the proper data and with the appropriate configuration of the system.

If you have concerns about the accuracy of your wRVU calculations, Coker can help with a detailed review to identify any issues and, then, develop a plan for remediating those issues. For further information, contact Justin Chamblee, Senior Vice President at jchamblee@cokergroup.com or by calling 678-832-2021.