

Medicare Physician Fee Schedule for Code 29826

Relative value units (RVUs) are comprised of three parts: work RVUs, practice expense (PE) RVUs, and malpractice (MP) RVUs⁷. Work RVUs are based on time and intensity of the work involved. This usually accounts for 50% of the total RVUs. All work RVUs are reviewed by statute at a minimum of every five years. Changes from the most recent review took effect on January 1, 2012, which changed the RVU value of code 29826.

The Geographical Practice Cost Indices (GPCIs) are applied to each of the three subsets of RVUs. This is done to account for the differences in the cost of practicing medicine in different areas of the country. These values are updated every three years; the normal nationwide value is 1.0. This value is multiplied by each of the RVUs in the final fee schedule formula. The GPCIs for our geographic region are listed below in Table E-1.

The conversion factor (CF) is a dollar amount that is multiplied by the total RVUs adjusted by the GPCIs. This conversion factor is updated on a yearly basis by statute. The value is determined by the Medicare Economic Index (MEI) and is adjusted depending on how the actual expenditures compare with the target Sustainable Growth Rate (SGR). The MEI measures inflation faced by physicians with respect to their practice costs and wages. The SGR is calculated based on medical inflation, the projected growth of the domestic economy, the projected growth of the number of Medicare Fee for Service beneficiaries, and changes in laws or regulations. The CF for each year is listed below in Table E-1.

The formula for the Medicare Physician Fee Schedule (MPFS) is as follows:

$$[(\text{Work RVU} \times \text{Work GPCI}) + (\text{PE RVU} \times \text{PE GPCI}) + (\text{MP RVU} \times \text{MP GPCI})] \times \text{CF}$$

TABLE E-1 Predicted Medicare Reimbursement for Code 29826 ^{*1,4-6}			
	2011	2012	2013
Work GPCI	1.012	1.009	1.009
PE GPCI	0.992	1.002	1.002
MP GPCI	1.131	0.923	0.923
CF	33.976	34.038	34.023
29826 Reimbursement (local)	\$671.29	\$177.84	\$176.06
29826 Reimbursement (local)	\$661.86	\$178.36	\$176.58

*GPCI = Geographical Practice Cost Index, PE = practice expense, MP = malpractice, and CF = conversion factor.