

Medicare physician payment schedules

2022 Medicare physician payment schedules

The CY 2022 Medicare Physician Payment Schedule Final Rule updates payment policies and rates as well as other provisions for services offered on or after Jan. 1, 2022, under the Medicare Physician Payment Schedule.

The AMA provides final rule summary (PDF) of the 2022 Medicare Physician Payment Schedule and Quality Payment Program (QPP).

The Social Security Act (the Act) requires the Centers for Medicare & Medicaid Services (CMS) to establish payments under the Medicare Physician Payment Schedule based on national uniform relative value units (RVUs) that account for the relative resources used in furnishing a service. The Act requires that RVUs be established for 3 categories of resources:

- Physician work
- Practice expense (PE)
- Malpractice (MP) expense

CMS is also required to establish by regulation each year's payment amounts for all physician services paid under the Medicare Physician Payment Schedule, incorporating geographic adjustments to reflect the variations in the costs of furnishing services in different geographic areas.

The Medicare Physician Payment Schedule's impact on a physician's Medicare payments is primarily a function of 3 key factors:

- The resource-based relative value scale (RBRVS)
- The geographic practice cost indexes (GPCI)
- The monetary conversion factor

Calculating the payment schedule

The Omnibus Budget Reconciliation Act of 1989 (OBRA 89) geographic adjustment provision requires all 3 components of the relative value for a service—physician work relative value units (RVUs),

practice expense RVUs and professional liability insurance (PLI) RVUs—to be adjusted by the corresponding GPCI for the locality. In effect, this provision increases the number of components in the payment schedule from 3 to the following 6:

- Physician work RVUs
- Physician work GPCI
- Practice expense RVUs
- Practice expense GPCI
- PLI RVUs
- PLI GPCI

The formula for calculating payment schedule amounts entails adjusting RVUs, which correspond to services, by the GPICs, which correspond to payment localities.

Calculating total RVU

Work RVU* x Work GPCI** + Practice Expense (PE) RVU x PE GPCI + Malpractice (PLI) RVU x PLI GPCI = Total RVU

Calculating Medicare payment

Total RVU x The CY 2021 Conversion Factor of \$34.6062 (Jan. 1-Dec. 31, 2022) = Medicare Payment

*The 2022 physician work, practice expenses and malpractice RVUs may be found in *Medicare RBRVS: The Physicians' Guide*.

**The Geographic Practice Cost Index (GPCIs) for calendar year (CY) 2022 may also be found in *Medicare RBRVS: The Physicians' Guide*.

View the History of Medicare conversion factors (PDF).