Whereas, In 1992, Medicare established a standardized physician payment schedule based on a resource-based relative value scale (RBRVS), where payments for services are determine by the resource costs needed to provide them; and

Whereas, Our AMA created the RVS Update Committee (RUC) to recommend payment schedules to the Centers for Medicare & Medicaid Services; and

Whereas, RBRVS costs have three components: physician work, practice expense, and professional liability insurance; and

Whereas, The AMA Practice Expense Advisory Committee, a subcommittee of the RUC, was charged with reviewing direct practice expenses to calculate practice expense relative values and to make code-specific recommendations to the RUC; and

Whereas, Physician practice expenses have not been comprehensively reviewed since 2004, nor updated since 2007, while actual practice costs have increased dramatically since the last reviews in 2004 and 2007, including new practice costs related to electronic health records; quality documentation and reporting; population health registries; prior authorizations; pharmacy benefit manager reviews; prescription drug monitoring programs; interval increases in other federal, state, and local documentation requirements; and additional staff required to comply with these new reporting requirements; as well as rent, equipment, supplies, salaries, and inflation; and

Whereas, Physicians require the resources to practice 21st-century medicine and implement the value-based payment requirements established by the 2015 Medicare Access and CHIP Reauthorization Act; and

Whereas, The 2018 Rand Practice Expense Analysis concluded, “[T]he PPIS [Physician Practice Information Survey] survey inputs that are used for indirect cost allocation are outdated and likely to become increasingly inaccurate over time. … We recommend establishing a new PE survey that can be repeated on an ongoing basis”; therefore be it

RESOLVED, That our American Medical Association pursue efforts to update resource-based relative value unit practice expense methodology so it accurately reflects current physician practice costs, with a report back at the AMA House of Delegates 2019 Interim Meeting.

(Directive to Take Action)

Fiscal Note: Not yet determined
Received: 05/24/19
RELEVANT AMA POLICY

The RUC: Recent Activities to Improve the Valuation of Primary Care Services D-400.986
Our AMA continues to advocate for the adoption of AMA/Specialty Society RVS Update Committee (RUC) recommendations, and separate payment for physician services that do not necessarily require face-to-face interaction with a patient.
Citation: BOT Rep. 14, A-08; Reaffirmed: CMS Rep. 01, A-18

PLI-RVU Component of RBRVS Medicare Fee Schedule D-400.988
Our AMA will: (1) continue its current activities to seek correction of the inadequate professional liability insurance component in the Resource-Based Relative Value Scale Formula; (2) continue its current activities to seek action from the Centers for Medicare & Medicaid Services to update the Professional Liability Insurance Relative Value Units (PLI-RVU) component of the RBRVS to correctly account for the current relative cost of professional liability insurance and its funding; and (3) support federal legislation to provide additional funds for this correction and update of the PLI-RVU component of the RBRVS, rather than simply making adjustments in a budget-neutral fashion.
Citation: (Res. 707, I-03; Reaffirmed: BOT Rep. 18, A-05; Modified: CCB/CLRPD Rep. 2, A-14)