

# [Slide Deck] How Doctors Are Paid Today: Understanding RVUs

There's a lot of talk today about how physicians (and other care entities) are paid. This slide deck discusses how the system used predominantly today (RBRVS) to pay physicians came to be and how Medicare and other payers calculate a payment. Download this Slide Deck and learn about Relative Value Units.

**Understand RVUs from ManageMyPractice**

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## Physician Productivity Bonus Model: A Hybrid of Work RVUs and Encounters

Based on a great conversation I had on LinkedIn recently, I decided to write about physician productivity models and the hybrid model (encounters and work RVUs) I developed for a hospital-sponsored family practice program. This bonus model rewards providers seeing less patients with more acute needs as well as providers seeing more patients with less acute needs.

Here are the components of this model:

1. **SCHEDULE:** The providers are available (have an open schedule) four 8-hour days per week, or 32 face-to-face

patient hours per week. Providers are expected to work four 10-hour days, with the additional 2 hours per day used for reviewing records, approving prescriptions, etc. This was pre-EMR for this group.

2. **ENCOUNTERS:** The providers have an agreed-upon schedule which averages 22 patients per 8-hour day. (In this model, new patient visits are 40 minutes and established patient visits are 20 minutes.) Subtracting the providers time off, the schedule works out to 3828 patients per year, or 957 patients per quarter. For every patient they see over 957 patients per quarter, they receive \$10 per patient. The providers receive encounter credits for nursing home and indigent care clinic work during office hours.
3. **WORK RVUs:** Based on the encounters, work RVUs are calculated at 4073 per year, or 1018.25 per quarter. Every work RVU over 1018.25 per quarter receives a bonus of \$10.
4. **EXCLUSIONS:** The providers did not get credit for anything they did not do personally – no credit for ear lavage, vaccines, allergy shots or laboratory tests. They did not get credit for any no charge visit, either as an encounter or as a work RVU.
5. **VALIDATION:** Both encounters and wRVUs were also matched up to physician productivity surveys to make sure the base salary was comparable to the base productivity.
6. **EXAMPLE:** A provider seeing the 23rd patient of the day – perhaps a 99214 (work RVU 1.50) will get \$10 for the encounter and \$15.00 for the wRVU for a total of \$25.00. By seeing an additional 99214 every day during the quarter, the bonus would be \$1600 for the quarter. Because the appointment times were generous, there was a high probability that additional patients could be worked in daily, allowing the providers to see more than 22 patients per day without killing themselves.

Here's a sample spreadsheet showing the two components:



### To develop your own model:

1. Determine the face-to-face provider hours per week and match the daily schedule, computing patients per day/week/month/quarter.
2. Investigate the number of patients and work RVUs to match to your model as your baseline. You can get these numbers from **MGMA**, **AMGA** and some specialty societies. The physicians in this model did not take any call; don't forget to take that into account if your physicians do take call.
3. Make sure your providers understand the concepts the bonus program is based on. Run the numbers for previous quarters to see how the providers would have fared under the model last year.
4. Set the dollar figure for the bonus based on your system's budget, average payer reimbursement for visits based on payer mix, and upstream or community mission-value of the visit.

NOTE: Don't forget to do a chart audit on a regular basis. Make sure that the charges providers are being paid for are correctly reflected in the documentation. If you don't have a regular auditor, feel free to **contact me here** as I provide these services.

If you'd like a copy of the spreadsheet above, you can download it **here**.

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