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RVS Sample See page 20

Who's Better for Health Care?

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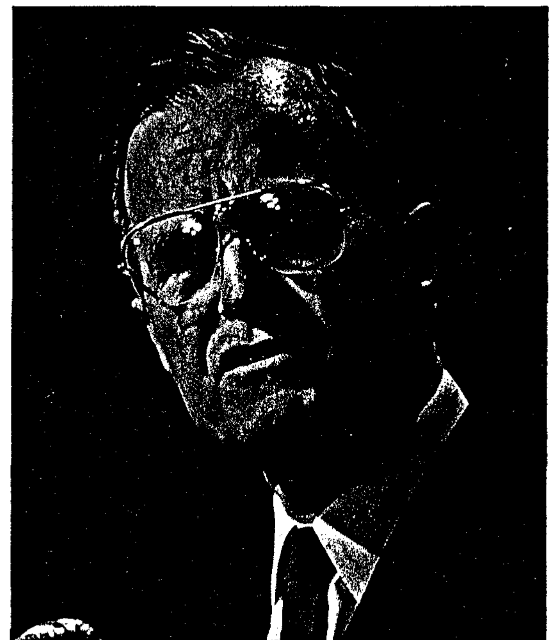

What Hsiao Study Means for MD Fees

By Simson L. Garfinkel

BOSTON—Physicians, congressmen, health care experts, and insurance industry policy-makers all restlessly await the results of the infamous Harvard-AMA Resource-Based Relative Value Scale Study (RBRVS). It is rumored that the report could revolutionize the way physicians are reimbursed. According to economist Edmund R. Becker, Ph.D., the project's director, those physicians who have been privy to the study's preliminary findings are generally pleased.

One of the study's main findings will be that physicians' "evaluative and management" functions are undervalued by current reimbursement schedules by two to three times, "vis-a-vis invasive procedures," said Becker.

The study, headed by Harvard economist William Hsiao, Ph.D., cost $2.5 million and took two years to complete. Later this month, the Health Care Financing Administration will brief key congressional staff members and committees on the findings.

"The underlying logic is that if procedure A costs the physician twice as much to provide as procedure B," said Tom Ketcham, who has worked on the project for the last year and a half, "then it ought to be reimbursed at twice B."

But first and foremost, economist Edmund R. Becker, Ph.D., stressed, the RBRVS is not setting dollar values for services and procedures (S/Ps). The study endeavors to find out what physicians themselves think relative reimbursements for S/Ps should be.

To calculate RBRVS ratings, the Harvard team surveyed 1,800 doctors for estimated procedure times, as well as training required, psychological stress engendered, and insurance liability costs. "Time [alone] is not enough to define what physicians

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INSIDE

"On every front it seems that the value of health care has eroded in our society." From the Op-Ed on pages 4 and 5.

HSIAO

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do," Becker reported, adding that the intensity of work during that time is equally important.

One hundred physicians from 18 specialties were interviewed by telephone for 1/2 hour. Three to five representatives from each specialty were nominated by their specialty organizations to choose the particular procedures to be addressed.

The Harvard team studied between 23 and 25 S/Ps in the specialties. Procedures which overlapped specialties were used to calibrate the RBRVS among the different medical professions.

For each section of the survey, a representative procedure was given the value of 100. Physicians were then asked to rate other procedures as harder or easier on the same scale.

For example, on the dermatology survey, the amount of work required on a follow-up visit for a 48-year-old male patient for ongoing management of psoriasis was assigned a value of 100. The dermatologists surveyed were then asked to assign a value to the work required to "obtain a specimen for a Tzanck Smear and interpret the results of the test."

"We developed a [unitless] relative value," said Becker. "It won't have a dollar value until Medicare gives it one." For instance, a phone consultation might have a relative value of 20, while first-time care for a newborn in a hospital might have a value of 100, and brief emergency care a value of 150. Whether each RBRVS unit is reimbursed at 20 cents, $1 or $5 is a federal policy decision, Becker said, which has nothing to do with the study.

"Discussion about the conversion factor," which translates relative values to dollars, Becker explained, "clouds all other" discussions about the study's findings. While physicians may agree theoretically that one procedure is worth four times as much as another, those same physicians do not readily agree that one procedure should be reimbursed for $400 and another for $100, he said.

A surprise of the study, Becker said, is that doctors from all parts of the country had similar feelings about the relative rankings. There was no significant difference between doctors in urban or rural areas, between those in private practice or those at HMOs, or even between those who are board certified and those who are not.

"One conclusion, at least in terms of the values we have," said Becker is that "these differences are not significant."

That might be the reason why the preliminary results have not generated a lot of indignation, said Becker. "[Physicians] generally agree with our rank ordering." When disagreements arise, they are on the order of 10 percent, rather than 90 percent, he added.

The Geographic Factor

If and when RBRVS scores are translated to a dollar reimbursements, the raw scores will be multiplied by a geographical conversion factor, which is being developed independently by HCFA. "We know that the cost of labor, equipment, and supplies varies greatly between New York City and Muncie, Indiana," Becker said. When it is developed, the geographical index—perhaps a value of 1.2 for New York and 0.6 for Muncie—will be multiplied by the RBRVS score to determine the reimbursement amount.

Congress has called for the geographical index to be completed by December 31, 1989. "We expect to meet that deadline," said the project's HCFA officer, "but we don't have anything right now. I think that it's going to be more controversial than RBRVS."

The geographical index is likely to be a highly political issue, because a difference of only a few percent might mean millions of dollars in federal reimbursements flowing into a particular congressional district. The index will redistribute dollars in a much bigger way than RBRVS will, the officer said.

"What you are going to have are very powerful congressmen suddenly finding that their particular constituencies are going to be affected across the board," he maintained. "It's going to be 100 percent of their doctors, not just some specialties as with the RBRVS study. Because of these political complications I think that there is only a 50 percent chance it will pass through Congress." ■

The following are sample questions from Dr. Hsiao's National Physician Survey. These questions were geared to dermatologists, one of 18 specialties interviewed by the Harvard team.

Procedure or Service Time

On average, how long does it take to do the procedure itself on the average patient; do not count time you spend either before or after the service described.

1. Excision of changing pigmented lesion of back, 6 by 4 millimeter, 52-year-old male. ______

2. Office revisit with established 63-year-old patient for laser treatment of hemangioma. ______

Level of Technical Skill and Physical Effort

If a follow-up visit with a 48-year-old male for ongoing management of psoriasis, not PUVA treatment, has a rating of 100, what number would you assign the technical skill and physicial effort required to do . . .

1. Excision of changing pigmented lesion of back, 6 by 4 millimeter, 52-year-old male. ______

2. Initial office visit, 35-year-old male with complaint of alopecia. ______

3. Hospital consultation for possible drug eruption in 50-year-old male. ______

Magnitude Estimation: Complexity

What number would you give the complexity of . . .

1. Excision and intermediate repair of 4 by 6 millimeter BCE of forehead of 30-year-old male. ______

2. Initial office evaluation of adult with chronic recurrent hives, new patient.

______

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