

MedPAC Report Addresses RVUs, Payment Update

The Medicare Payment Advisory Commission (MedPAC) released a report to Congress last week urging changes in the way Medicare assigns “Relative Value Units” (RVUs) to determine payment for various medical procedures. According to the report, the Centers for Medicare and Medicaid Services (CMS) has “relied too heavily on physician specialty societies to identify services that are misvalued,” and as a result there are “substantially more increases in RVUs than decreases, even though many services are likely to become overvalued over time.” The report recommends the creation of “a standing panel of experts” – including members with clinical expertise as well as expertise in health economics and physician payment – to help CMS identify overvalued services and to review recommendations from the RUC. The report also recommends a 2.8 percent positive update for the physician fee schedule in 2007 instead of the 4.6 percent cut anticipated under the SGR formula. While MedPAC’s recommendations are not binding on Congress, the call for a positive payment update is helpful when it comes to ACC’s efforts to reform the flawed formula.