NATIONAL PHYSICIANS ALLIANCE

Principles for Reform or Replacement of the Relative Values Scale Update Committee (RUC)

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The NPA is a 501c3 organization, founded in 2005. We represent physicians across specialties who, simply put, want to put health back at the center of health care. We refuse all funding from pharmaceutical and medical device companies. Our core program aims include: 1) affordable, quality health care for all; 2) reducing the influence of pharmaceutical and medical device marketing on medical education and clinical decision making; 3) promoting the civic engagement of physicians with their communities.

The NPA offers the following information and principles for reform or replacement of the RUC:

RUC History

- Created in the 1980s as a replacement for 'usual and customary charges' to curb cost inflation.
- Focused on resources required for care (inputs) – time, training, equipment, practice expense, malpractice, not linked to outcomes (outputs) of care.
- Medical 'experts' provide updated information on cost and work inputs.
- In exchange for support from the American Medical Association (AMA) for a change in methodology, the RUC was created to advise CMS on relative values, allowing doctors to drive the process.

RUC Overview

- Consists of representatives from specialty societies – some permanent, some rotating from subspecialties. 29 members, 4 from primary care societies -Family Practice, Internal Medicine, Pediatrics, Osteopaths (AOA). Organized by the AMA, which represents about 20% of practicing physicians.
- Serves in advisory capacity to CMS, recommending relative value units (RVUs) for each identified service. CMS accepts these recommendations over 95% of the time. A monetary conversion factor is then applied to the RVUs to determine compensation. Private insurers adopted the methodology, though are free to apply different monetary conversion factors for the various codes.
- Secretive process – until recently, members' names weren't public. Ballots are secret, as are deliberations.
- "Data driven" – physicians are surveyed about the costs of providing care. Historically, this data collection has been better resourced by specialty societies than by primary care societies.
- Has very rarely recommended decreases in relative values.

RUC Challenges

- Has historically widened the gap between cognitive and procedural specialties, which has had a profound effect on the US health care system. It has driven students' choice of career paths, contributed to significant under-supply of primary care, and overutilization of procedures. If we are going to transform the care model in the US to one that provides greater value, the current physician compensation model will be a significant barrier.

RUC Challenges *(continued)*

- What drives these disparities? Unequal pay for equal time benefits procedural specialists.
- Many procedure RVUs have increased in the RUC's 5 year reviews, but primary care RVUs were static for over a decade, finally increasing modestly in 2007.
- Rapid growth in volume of procedures and imaging has increased many specialists' incomes.
- Private insurers tend to pay specialists at a higher rate/RVU than they pay primary care.
- Under the SGR system, Medicare physician payments are excessive because of procedure, testing and imaging volume. Primary care physicians are penalized as overall growth is capped, even though they don't contribute to the volume growth.
- Recent 'reforms' – described as 'heroic internal political struggles' - are not considered adequate by primary care.
- RUC is 'advisory' to CMS, which actually sets the relative values. But CMS historically has accepted their recommendations >95% of the time. Recent adjustments by CMS to ortho-pedics, radiology and cardiology were met with a firestorm of protest. The cardiologists sued.

Calls for Change

- Primary care organizations have been increasingly vocal in calls for change.
- Members have been pressuring the AAFP to resign from the RUC, create a political uproar. Instead, their board has formed a task force to develop recommendations for valuation of primary care.
- Lawsuits from primary care physicians.
- Rep McDermott – call for an independent review by analytic contractors annually to focus on overvalued codes.

Recommended Principles on Which Physician Payment Decisions Should be Made

(whether by RUC or someone else)

- **Inclusive of all key stakeholders:**
  - **Patients**
  - **Government**
  - **Payers**
  - **Physicians**
- **Public Health Transparency regarding:**
  - **Decision making process**
  - **Relative values and prices**
  - **Evidence for**
  - **efficacy**
- **Align payment system with efforts to reform the system to reward value. That is, reward outcomes, quality, and safety, as well as population health. Move from valuing inputs to valuing outputs of care.**

Additional Useful Information

- Replace the RUC website:
  http://replacetheruc.org/
- Congressman McDermott's Bill:
  HR 1256 - Medicare Physician Payment Transparency and Assessment Act of 2011
  http://www.opencongress.org/bill/112-h1256/text
- AFP Task Force:
  - Overview
    http://www.aafp.org/online/en/home/publications/news/news-now/practice-professional-issues/20110720pcvaluetaskforce.html
  - Recent Update:
    http://www.aafp.org/online/en/home/publications/news/news-now/government-medicine/20110823taskforcemeets.html?cmpid=10036-em-1