



American Association
of Provider Compensation Professionals

When Effort Is Not Defined by a WRVU

Using Proxy WRVUs to Stay Loyal to Your Production-Based Compensation Model

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Catholic Health

Catholic Health is a not-for-profit, mission-based organization, located on Long Island, NY



Over 2,900 Catholic Health Physician Partners

including primary care and specialists



6 Acute Care Hospitals (More than 1,900 Certified Hospital Beds)

- St. Francis Hospital & Heart Center®, Roslyn
- St. Catherine of Siena Hospital, Smithtown
- Mercy Hospital, Rockville Centre
- St. Joseph Hospital, Bethpage
- St. Charles Hospital, Port Jefferson
- Good Samaritan University Hospital, West Islip



20 Multispecialty Ambulatory Care Locations



4 Cancer Institute Locations



14 Outpatient Rehabilitation Locations



Home Health Service



Good Shepherd Hospice



Skilled Nursing Facilities

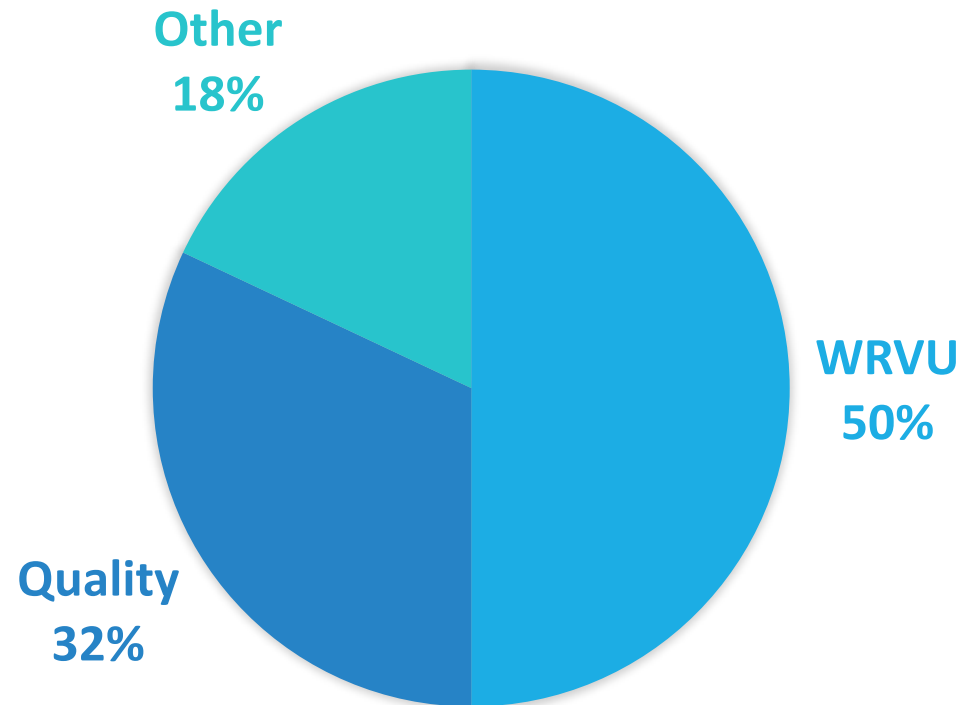


Agenda

- Production-Based Compensation Models
- Defining the Proxy WRVU
- Catholic Health's Experience
- Methodologies
- Alternatives to Proxy WRVUs
- Setting Up for Success

Prevalence of Production-Based Comp

Approximately half of compensation models incorporate WRVU incentives



- 55.5% of physicians received productivity-based compensation
- 27.8% of physicians received more than half of their income based on productivity

Source: [NEJM](#), Physician Compensation Models Seeing Modest Shifts, 2021

Source: [AMA](#), Single source of pay becoming less common for physicians, 2022



Basic Productivity-Based Model

The Basic Model	
Dr. Who	
Base Compensation	\$ 500,000
Incentive Compensation	
Achieved WRVUs	11,000
Target WRVUs	10,000
Incentive WRVUs	1,000
Incentive Compensation per WRVU	\$ 50
Incentive Compensation	\$ 50,000
<u>Total Compensation</u>	<u>\$ 550,000</u>

Common modifications include:

1. Quality incentives
2. Pay for performance
3. Shared saving distributions



Defining the Proxy WRVU

WRVUs

- Measure the relative value of work
- Assigned by CMS

“Proxy” WRVUs

- Assign a WRVU value to the work when CMS didn't
 - “Unlisted” Procedures (complex, innovative, and with 0 WRVUs)
 - Unnamed procedures
 - Client-defined basket of services

What services maybe eligible for a Proxy WRVU?

- Unlisted procedures
- Client defined physicals (e.g. , executive, workplace, sports)
- Mentoring
- Administrative services
- Meeting attendance

But Exercise Caution

- ~~Chart Completion~~
- ~~Returning Phone Calls~~
- ~~Medication Refills~~
- ~~Work Expectations~~



Unlisted Procedures

Certain procedures/services may not have reimbursement of WRVUs assigned if they are new or unusual. In such cases, an unlisted code is assigned when submitting claims to the third party payors.

Sample Unlisted Procedures: Each is assigned 0 WRVUs

Unlisted Codes	Procedure Description
43659	Special Laparoscopy Procedure, Stomach
49329	Special Laparoscopy Procedure, Abdomen, Peritoneum and Omentum
45399	PR Unlisted Procedure Colon
47999	PR Bile Tract Surg Proc, Unlisted
51999	Special Laparoscopy Procedure, Bladder

Search Results

⚠ No results

43659: This code is contractor priced under the Physician Fee Schedule. Please contact your local Medicare Contractor for payment amounts.

45399: This code is contractor priced under the Physician Fee Schedule. Please contact your local Medicare Contractor for payment amounts.

47999: This code is contractor priced under the Physician Fee Schedule. Please contact your local Medicare Contractor for payment amounts.

49329: This code is contractor priced under the Physician Fee Schedule. Please contact your local Medicare Contractor for payment amounts.

51999: This code is contractor priced under the Physician Fee Schedule. Please contact your local Medicare Contractor for payment amounts.



Productivity-Based Model with Proxy WRVUs

The Basic Model - With Proxy WRVUs			
Dr. Who	Scenario 1	Scenario 2	Scenario 3
Base Compensation	\$ 500,000	\$ 500,000	\$ 500,000
Incentive Compensation			
"Listed Procedure" WRVUs	11,000	9,000	9,000
"Unlisted Procedure" WRVUs (Proxy)	-	2,000	
Achieved WRVUs	11,000	11,000	9,000
Target WRVUs	10,000	10,000	10,000
Incentive WRVUs	1,000	1,000	-
Incentive Compensation per WRVU	\$ 50.00	\$ 50.00	\$ 50.00
Incentive Compensation	\$ 50,000	\$ 50,000	\$ -
Additional Compensation for Unlisted	\$ -	\$ -	\$ 100,000
Total Compensation	\$ 550,000	\$ 550,000	\$ 600,000

Use of Proxy WRVUs can prevent a situation where a physician does not meet the WRVU “Target”, but also receives additional compensation



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Catholic Health's Experience

Developing Proxy WRVU Methodology



Implementation: Catholic Health's WRVU Dashboard

Work RVU Dashboard

Date Range	Start Date	End Date	Date Type	Contract Period	Provider Type	Provider Name	Department Name	Main Department	Modifier_1	Modifier_2	Modifier_3	Modifier_4
Rolling 12 months	1/1/2021	12/31/2024	Service Date	2023-09-01 - 2024-08-...	Service Provider	[REDACTED]	All	All	All	All	All	All

Service Date from 2/1/2023 to 2/29/2024

Data as of: 2/23/2024 6:51:38 AM
Dashboard Last Refreshed on: 2/23/2024 7:12:04 AM



****NOTE:** Annual wRVU table is optimized by selecting most recent contract year and viewing information for one provider at a time.

Actual vs Target wRVU



Annual wRVU

	Selected Contracts Most recent Contract
Total Actual wRVU	5,055.78
Annualized wRVU	10,111.56
Annual Target	11,330.00
Monthly Target	944.17
Baseline wRVU	
Months into Contract	6.00
% of Baseline Target	89.25%
Excess over baseline	-1,218.44

Current Vs. Previous Year wRVU by Service Date



wRVU Calculations

Actual wRVU	5,055.78
Late wRVU	0.00
Total wRVU	5,055.78



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Catholic Health's Two Challenges

SURGICAL PROCEDURES

Surgeons felt that they were being short-changed when they performed an unlisted procedure, and that Catholic Health was benefiting.

The surgeons wanted to receive WRVU credit for unlisted procedures.

ADMINISTRATIVE SERVICES

CH determined that physician participation in certain meetings was required for their optimal development and execution.

Physicians refused to attend meetings during times when they typically see patients.

Time away from the practice would impact their ability to generate WRVUs.



Catholic Health's Experience Developing a Proxy WRVU Formula

Catholic Health wanted to ensure that any formula developed for Proxy WRVUs:

Could be applied uniformly to all physicians, regardless of their specialty

Fairly credit the physician with proxy WRVUs for their time and effort without negatively impacting the System's finances

Be consistent with FMV for all participants; and

The physicians could be credited with Proxy RVUs during the contract year in which the services were rendered.



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Methodologies



Methodologies

- A. Like Procedure
- B. Like Time
- C. Collections per WRVU
- D. Compensation to Collections Ratio
- E. Catholic Health: Hybrid to Address Timing Concerns
- F. Administrative Services



Method A: Like Procedures

1. Identify a procedure (or procedures) and corresponding CPT code(s) that is similar to the unlisted procedure
2. Use the WRVU value from this procedure as a proxy for the unlisted procedure

Comparable Code Selection Depends on the Specific Procedure Performed and Impacts WRVU Values						
Patient #	Unlisted CPT Code ¹	Comparable CPT Codes ¹		2024 MPFS WRVUs		
		Code 1	Code 2	Code 1	Code 2	Total
Patient #1	44238	44110		14.0	NA	14.0
Patient #2	44238	44110		14.0	NA	14.0
Patient #3	44238	44120	44615	20.8	18.2	39.0
Patient #4	44238	44120	44615	20.8	18.2	39.0
Patient #5	44238	44213		3.5	NA	3.5
Patient #6	44238	44604		18.2	NA	18.2

¹Unlisted and Comparable CPT Code Descriptions

Unlisted CPT Code

44238 Special Labaroscopy Procedure, Intestine (except Rectum)

Comparable CPT Codes

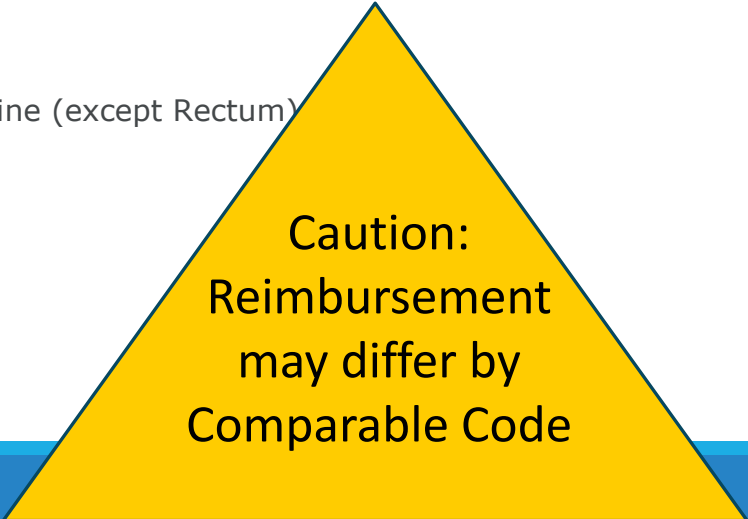
44110 Excise intestine lesion(s)

44120 Removal of small intestine

44213 Lap mobil splenic fl add-on

44604 Suture large intestine

44615 Intestinal stricturoplasty



Caution:
Reimbursement
may differ by
Comparable Code



Method B: Like Time

- Determine the time required to perform the unlisted procedure
 - Procedure time or total time?

WRVUs per Hour Varies by CPT Code						
Unlisted CPT Code	Comparable CPT Codes	MPFS WRVUs	Intraservice Time (Hours)	Total Time (Hours)	WRVUs per Intraservice Hour	WRVUs per Total Hour
44238	44110	14.04	1.5	8.1	9.4	1.7
44238	44120	20.82	2.2	10.2	9.3	2.0
44238	44213	3.5	0.8	0.8	4.7	4.7
44238	44604	18.16	1.5	7.7	12.1	2.4
44238	44615	18.16	1.8	8.4	10.4	2.2

- Identify a procedure or CPT code that has a comparable time requirement
- Use the WRVU value from these procedures as a proxy for the unlisted procedure

¹Unlisted and Comparable CPT Code Descriptions

Unlisted CPT Code

44238 Special Labaroscopy Procedure, Intestine (except Rectum)

Comparable CPT Codes

- 44110 Excise intestine lesion(s)
- 44120 Removal of small intestine
- 44213 Lap mobil splenic fl add-on
- 44604 Suture large intestine
- 44615 Intestinal stricturoplasty



Method C: Collections per WRVU

Method C Expected Collections Compared to Market Data Dr. Who - General Surgery

	Expected Collections per WRVU	25th %ile Collections per WRVU	50th %ile Collections per WRVU
Collections Summary			
Collections for the Procedure	\$ 400	\$ 400	\$ 400
Application of the WRVU Method			
Collections for the Procedure	\$ 400	\$ 400	\$ 400
Collections per WRVU ¹	\$ 85	\$ 60	\$ 73
WRVUs for the Procedure	4.7	6.7	5.5

1. Determine the collections for the procedure;
2. Select a collections per WRVU to convert collections to Proxy WRVUs:
 - a. Based on actual; or
 - b. Based on market data

As collections may not be known, this could create a time lag. Consider using expected collections (rather than actual).



Method D: Compensation to Collections Ratio

1. Determine the collections for the procedure;
2. Select a market-based compensation to collections ratio to determine the amount of compensation to be conferred to the Physician;
3. Use the Physician's underlying compensation per WRVU to convert to proxy WRVUs
 - a. Based on base compensation; or
 - b. Based on incentive compensation

Method D Compensation to Collections Dr. Who - General Surgery				
	25th %ile Comp to Collections		50th %ile Comp to Collections	
<u>Collections Summary</u>				
Collections for the Procedure	\$	400	\$	400
<u>Application of the Collections Method</u>				
Collections for the Procedure	\$	400	\$	400
Applicable Compensation to Collections Ratio		75%		93%
Compensation for the Procedure	\$	300	\$	372
Incentive Compensation per WRVU (above Threshold)	\$	50	\$	50
WRUVs for the Procedure		6.0		7.4



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Method E: Catholic Health Model (a variation on Method D)

$$Z = (Y / X) * N$$



“X” = Base Compensation per WRVU:

X is found by dividing your current Base Compensation by the Target , and represents the base compensation per WRVU for the subject Measuring Year



“Y” = Reimbursement Per Adjudicated Unlisted Procedure to be Conferred on Provider:

Y represents that 50% of collections for each adjudicated personally performed Unlisted Procedure is to be conferred on Provider



“N” = Unlisted Procedures Personally Performed by Provider in the Subject Measuring Year:

N is the actual number of Unlisted Procedures that Provider performed during the Measuring Year for which proxy RVUs are to be credited, whether or not such Unlisted Procedures have been adjudicated for claims payment



Method E: Catholic Health Model (a variation on Method D)

$$Z = (Y / X) * N$$

It is important to Catholic Health to:

- 1. Be consistent*
- 2. Assure that revenue supports the payment*
- 3. Credit physician during contract year*

Method E: Catholic Health Method Dr. Who - General Surgery

<u>Collections Summary</u>	
Total 3-year fully adjudicated payments	\$ 80,000
Total 3-year fully adjudicated Unlisted Procedures	200
Expected Collections per Unlisted Procedure	\$ 400
<u>Application of the Collections Method</u>	
Collections per Unlisted Procedure	\$ 400
Applicable Compensation to Collections Ratio	50%
Compensation for the Procedure ("Y")	\$ 200
Base Compensation per WRVU ("X")	\$ 50
Proxy WRVUs per Procedure	4.0
Actual number of Unlisted Procedures ("N")	60.0
Proxy WRVUs for the Measuring Period ("Z")	240.0



Method F: Administrative Services

Determine WRVUs per Hour Based on Expected Work Hours

1. Determine the median WRVUs for the subject specialty;
2. Select an expected number of work hours;
3. Credit the Physician with WRVUs for administrative time

Note that this methodology results in the number of clinical WRVUs per hour, which may be different from the value of administrative time.

Market Data Calculation of WRVUs per Hour

	Scenario A	Scenario B	Scenario C
Median WRVUs	6,800	6,800	6,800
Hours per Year	1,600	2,080	2,500
WRVUs per Hour	4.25	3.27	2.72

Determine WRVUs per Hour Based on Compensation per WRVU

1. Determine the appropriate hourly rate for administrative services
2. Determine the appropriate compensation per WRVU
 - a. Based on market data (median); or
 - b. Based on the contract
3. Credit the Physician with WRVUs for Administrative time

WRVUs per Hour of Services

	Median Comp/WRVU	Actual Comp/WRVU
Administrative Hourly Rate	\$ 233	\$ 233
Compensation/WRVU	\$ 73	\$ 50
WRVUs per Hour	3.19	4.66

Policy is Critical: Which administrative hours are worth additional WRVU credit?



Don't Forget Modifiers (when applicable)

CPT Code Modifier Adjustments		
Modifier	Description	%age Adjust.
22	Unusual Procedure Services	125.0%
50	Bilateral	150.0%
51	Multiple	50.0%
52	Reduced Values	50.0%
53	Discontinued Procedure	50.0%
54	Surgical Care Only	70.0%
55	Post-op Only	20.0%
56	Pre-op Only	10.0%
62	Two Surgeons	62.5%
74	Discontinued ASC Procedure	50.0%
76	Repeat Procedure	70.0%
78	Return to OR During Post-op	70.0%
80	Assistant Surgeon (Physician)	16.0%
81	Minimum Surgery Assist	16.0%
82	Assistant Surgeon - no resident availat	16.0%

- Modifiers indicate that a procedure was altered by a specific circumstance, but not changed in its definition or code (i.e., presence of a co-surgeon, repeated procedure, bilateral procedures performed during same operation).
- The use of a modifier changes the payment amount & the applicable WRVUs.



Proxy WRVUs: Advantages and Pitfalls

Advantages	Pitfalls
<ul style="list-style-type: none">a. Maintains the integrity of the WRVU-based productivity modelb. Easy to understand for providersc. Allows a WRVU Target that encompasses all workd. Supported by physicians	<ul style="list-style-type: none">a. If not set properly, could lose physician support or not be consistent with FMVb. Maintenance could be challengingc. Poor communication regarding the model and expectationsd. Applying to the wrong servicese. Timing delays

Policy is Critical: What are you willing to pay for? And what is off limits?



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Alternatives to Proxy WRVUs



Proxy WRVUs Are Not the Only Solution

Hourly Rate
(for clinical or
administrative)

Percent of
Collections

Hybrid of Proxy
WRVUs and
Collections
Approach

Flat Stipend for
Unlisted
Procedures

Build into Base
WRVU Rate



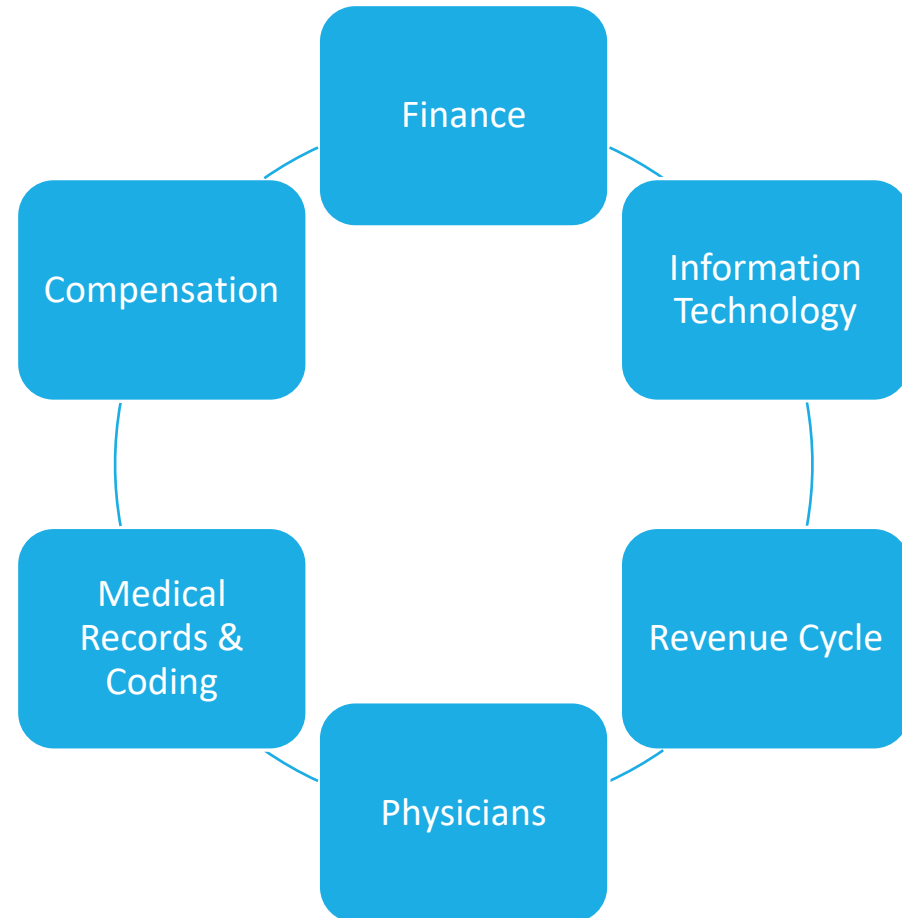
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Setting Up for Success



Success Involves Many Disciplines

- Who will do the reporting and the calculations?
- Do you track collections data by procedure?
- Are you set up to bill for these procedures?
 - Are you prepared for the related additional billing efforts?
 - Who will chase the revenue?
 - What role do the physicians have?
- Governance & Policies





Chasing Reimbursement for Unlisted Procedures

- ❑ Surgeons have a significant role to assure that the procedure is properly documented
 - May require education
 - The medical record will be submitted with the claim
 - Define the difference between the Unlisted Procedure and a comparable procedure
- ❑ Consult with the American Medical Association for coding advice (if needed)
- ❑ Unlisted procedures may involve several appeals
 - Request additional review if the reimbursement received is inadequate
 - Physicians may assist by writing letters to explain why the procedure deserves higher compensation
- ❑ Typically, the reimbursement for an unlisted procedure will be higher than that received for a 'like procedure'



Federal Fraud & Abuse Laws

- ❑ Anti-kickback Statute
- ❑ Physician Self-Referral Statute (Stark Law)
- ❑ False Claims Act (*prohibits submission of false/fraudulent claims to the government*)
- ❑ Exclusion Statute (*outlines when individuals are excluded from federal health care programs*)
- ❑ Civil Monetary Penalties Law (*allows for the imposition of monetary penalties*)



CMS Helpful Commentary on FMV

1. Fair market value may not always align with published surveys. (The worth of a particular physician's services may not always align with the published salary surveys.)
2. **CMS is willing to accept any reasonable method that provides evidence that compensation is comparable to what is ordinarily paid for an item or service in the location at issue by parties that are not in a position to refer to one another.**
3. Notably, CMS declined to establish any safe harbor or presumptions that certain physician compensation could be presumed FMV at certain survey data ranges.

In 2021, CMS updated the definition of FMV:

“The value in arms-length transaction, consistent with the general market value of the transaction.” General market value means “... with respect to compensation for services, the compensation that would be paid at the time the parties enter into the service arrangement as the result of bona fide bargaining between well-informed parties that are not otherwise in a position to generate business for each other.”



Key Takeaways

- Production-based compensation models are common
- Numerous methodologies can be applied to assign value to unlisted procedures and other work for which WRVUs are not attributed
- Each organization must develop an approach to proxy WRVUs that is consistent with its values
- Proxy WRVUs are not the only solution
- Success involves interdisciplinary engagement across the organization



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Q & A

Thank You!



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