

Appendix A

Total Practice Expense Survey Cover Letter



The Lewin Group
3130 Fairview Park Dr.
Suite 800
Falls Church, VA 22042

Date

Name

Address 1

City, State, Zip Code

Dear Dr. X,

The Lewin Group will be conducting a survey for the Industrial Medical Council of the California Department of Industrial Relations to determine the practice expenses incurred by practitioners that provide evaluation and management (E/M) services to workers' compensation patients. Results from the survey may be used to set payment rates for services provided to workers' compensation patients. Your participation is critical to ensuring that the data are representative of California physicians. Respondents who provide all the requested data will receive compensation of \$35.

The Lewin Group has subcontracted with Baselice & Associates, Inc. to conduct a confidential telephone survey of medical practices that provide services to workers' compensation and/or non-workers' compensation patients. The telephone survey should take no longer than 25 minutes. You have been randomly selected to participate in this survey. No one can be chosen to take your place in this research. The questions and answers that follow provide further information regarding the survey.

What is this study about?

The California Department of Industrial Relations is revising The Official Medical Fee Schedule (OMFS), which is used to set payment rates for services provided to workers' compensation patients. The stimulus for this project is California's proposal to adopt a resource-based relative value scale (RBRVS) for the OMFS.

What type of information will be collected?

Baselice & Associates, Inc. will conduct the telephone survey. They will collect information about the practice in which you work, including total practice expenses and the types of services that are provided in the practice. We are requesting information at the practice level and not at the individual provider level, unless you are the sole owner of the practice.

There are two worksheets enclosed with this letter that show the types of information we are collecting. The first worksheet (Summary of 2001



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Professional Expenses) asks for information on total practice expenses by expense category. The second worksheet (Frequencies of Services Provided) is an example of the service-level information we are requesting. From this information, we would like to learn about the frequency of all the CPT codes (E/M and all non-E/M) that are provided in the practice(s) in which you work. Please see the worksheet for more detailed instructions.

How will the information be used?

The Lewin Group will use the results from the study to determine the amount of practice expenses incurred when practitioners provide services to workers' compensation patients and the Department of Industrial Relations may use those results to set payment rates. The study results will provide a valuable resource for establishing an OMFS that accurately reflects practice expenses incurred while treating workers' compensation patients.

How was I chosen?

You were selected as part of a statistically controlled random sample.

What about confidentiality?

Both The Lewin Group and Baselice & Associates, Inc. will ensure the confidentiality of your data. Only aggregate data will be shared with The California Department of Industrial Relations. Any information that would permit identification of a participant will be treated as strictly confidential.

How will the information be collected and who will collect it?

The data on professional expenses will be collected during a telephone interview with a trained interviewer from Baselice & Associates, Inc., an independent survey and research organization. Baselice & Associates, Inc. will also instruct you on where to send the information on frequencies of services provided. Baselice & Associates, Inc. is an independent corporation that conducts nationwide studies for government agencies and private organizations involved in legislation and policymaking.

Baselice & Associates, Inc. will contact you by telephone to conduct the survey within the next two weeks. We recommend that you review the attached worksheets and gather the requested information prior to this phone contact. We have found in prior studies that tax records provide a ready source for the information requested.



The Lewin Group
3130 Fairview Park Dr.
Suite 800
Falls Church, VA 22042

Thank you for taking time out of your busy schedule to participate in this important survey.

Sincerely,

Allen Dobson, Ph.D.
Senior Vice President
The Lewin Group

Appendix B

Total Practice Expense Survey

**SUPPLEMENTAL 2002 PRACTICE EXPENSE
QUESTIONNAIRE
(BASED ON 2001 SMS QUESTIONNAIRE)**

**SUPPLEMENTAL PRACTICE EXPENSE QUESTIONNAIRE
2002 SMS**

SECTIONS

1. Main Study Screener (Contact Procedures and Eligibility)

A. Practice Characteristics

E. Practice Expenses

2002 SUPPLEMENTAL PRACTICE EXPENSE QUESTIONNAIRE

**MAIN STUDY SCREENER CATI SPECIFICATIONS
(CONTACT PROCEDURES AND ELIGIBILITY)**

BOX S-1

PROGRAMMER NOTE:

The interview continues with the current respondent until all available sections that can be completed by that respondent have been attempted. The screener/eligibility must always be completed before any extended interview sections can be attempted.

The sections must be completed in the following order:

1. Main Study Screener (Section 1)
2. Practice Characteristics (Section A)
3. Practice Expenses (Section E)

SECTION 1- MAIN STUDY SCREENER

SCINTRO1

Hello, this is {INTERVIEWER NAME} calling on behalf of the Lewin Group in regards to the Practice Expense Survey letter and worksheet that was recently mailed to your office as part of a study the Industrial Medical Council of the California Department of Industrial Relations is conducting. This questionnaire should be completed by office personnel with the most knowledge of practice costs and revenues.

DISPLAY FOR ALL:

[IF NEEDED: The doctor received a letter from Allen Dobson of The Lewin Group regarding this study.]

- | | |
|--|------------|
| 1. {PHYSICIAN/PROXY} SPEAKING/AVAILABLE | (SCINTRO2) |
| 2. {PHYSICIAN/PROXY} NEEDS APPOINTMENT/ANSWERING SERVICE | |
| 3. PHYSICIAN KNOWN BUT AT A DIFFERENT NUMBER | (KNOWS) |
| 4. NEVER HEARD OF PHYSICIAN | (CHECKNO) |
| 5. TELEPHONE COMPANY RECORDING | (RECORD) |
| 6. {PHYSICIAN/PROXY} PREFERS TO CALL US | (THANK800) |
| 7. PROXY NEEDED (REQUIRES PHYSICIAN OK) | (SCPROXY1) |
| AM. ANSWERING MACHINE | (BOX S-7) |
| RT. RETRY AUTODIALER | (AUTODIAL) |
| GT. GO TO RESULT | (RESULT) |

HELLO

CALLBCK2

[It is important that I speak with {DR. PHYSICIAN'S NAME/PROXY'S NAME, PROXY'S TITLE} about the Lewin Group's Practice Expense survey.]

[The doctor received a letter from {Allen Dobson of the Lewin Group} regarding a study the Industrial Medical Council of the California Department of Industrial Relations is conducting.

Would the best time to call back be...

1. Later today or
2. Some other day?
3. NO SPECIFIC TIME/ANS SERV/ANS MACH (NOAPPT)
4. {PHYSICIAN/PROXY} PREFERS TO CALL 800 LINE (THANK800)

BOX S-3

PROGRAMMER NOTE:

Follow CATI standard. Before showing NEXTMESS (to record message to next interviewer), show NEWNUM.

NOAPPT

Should we call back...

1. morning (9:00 AM - 12:00 PM),
2. afternoon (1:00 PM - 5:00 PM), or
3. evening (5:00 PM - 8:00 PM)?

NEWNUM

WAS A NEW TELEPHONE NUMBER VOLUNTEERED FOR THE CALLBACK?

1. YES
0. NO (CBTHANK)

CALLNEW

NEWNUMOV

(____) - ____ - _____

FONEAREA, FONEEXCH, FONELOCL

CBTHANK

Thank you. [We will look forward to talking with {DR. PHYSICIAN'S NAME/PROXY'S NAME, PROXY'S TITLE} at that time.]

PRESS RETURN TO CONTINUE

BOXE S-4

PROGRAMMER NOTE:

If a new number was entered on NEWNUMOV and that number passes the edit, update the current phone number and assign a result code of 4. If the new number does not pass the edit (or none was entered), code the case as a callback without updating the current phone number. Go to the standard NEXTMESS screen.

THANK800

Our toll free number is 1 - 800 - xxx-xxxx (CHECK WITH STACY). {DR. PHYSICIAN'S NAME/PROXY'S NAME, PROXY'S TITLE} can call anytime day, evening, or weekend. I'll schedule your case for a callback in a few days so that (you/he/she) will have an opportunity to call.

[IF TIME TO CALL 800 # IS ANTICIPATED TO TAKE LONGER THAN 3 DAYS, USE CTRL/B TO CODE AN APPOINTMENT FOR AN APPROPRIATE TIME]

[PRESS RETURN TO CONTINUE]

BOX S-5

PROGRAMMER NOTE:

Code 98 and hold for 3 days, then release for callback.

KNOWS

PHYSICIAN'S NAME: {SAMPNAME} SEX: {M/F}

Removed Specialty Prompt

PHYSICIAN'S ADDRESS: {SAMPADDR, SAMPCITY, SAMPSTAT}

[Do you have any information that will help me locate {DR. PHYSICIAN'S NAME}? For example, a telephone number, street address, city, or state?]

- 1. YES, HAS INFORMATION FOR PHYSICIAN (SUBJECT)
 - 0. NO, HAS NO INFORMATION
- (THANKPRB)

MATCH

SUBJECT

[USE SHIFT 8 (*) IF INFORMATION IS MISSING.]

TELEPHONE NUMBER: (_____) - _____ - _____

PRACTICE NAME: _____

STREET ADDRESS: _____ SUITE #: _____

CITY: _____ STATE: _____ ZIP: _____

[ENTER MESSAGE OR LOCATING INFORMATION FOR NEXT INTERVIEWER]:

**TRAKAREA, TRAKEXCH, TRAKLOCL
TRAKPRAC
TRAKADDR, TRAKSUIT
TRAKCITY, TRAKSTAT, TRAKZIP
EXPLAIN1, EXPLAIN2, EXPLAIN3**

THANKSRC

Thank you for your help. Goodbye.

[PRESS RETURN TO CONTINUE]

(BOX S-6)

THANKPRB

There seems to be a problem with the information I have. Thank you for your time. Goodbye.

[PRESS RETURN TO CONTINUE]

(BOX S-6)

CHECKNO

I'd like to make sure that this number was dialed correctly. Is this {PHONE #}?

- 1. YES
- 0. NO

(KNOWS)

CHECKOV

[It seems I have dialed the wrong number. I will redial the number again.]

Thank you for your time. Goodbye.

RT. RETRY DIALING	(AUTODIAL)
NW. NON-WORKING NUMBER (DIALED 2X)	(BOX S-6)

RECORD

THE RECORDING SAID THE NUMBER YOU CALLED WAS:

- | | |
|--|------------|
| 1. CHANGED TO A NEW NUMBER/NEW AREA CODE | (RECORDNO) |
| 2. TEMPORARILY DISCONNECTED | (BOX S-6) |
| 3. NOW NON-PUBLISHED | (BOX S-6) |
| 4. NO LONGER WORKING/DISCONNECTED | (BOX S-6) |
| 5. NOT COMPLETED AS DIALED | (BOX S-6) |
| 6. NOT AVAILABLE IN AREA CODE | (BOX S-6) |
| 91. OTHER | |

RECORDOV

_____ (BOX S-6)

RECORDNO

AREACODE (____) EXCHANGE (_____) LOCAL (_____)

BOX S-6
PROGRAMMER NOTE:

If the new telephone number passes the edit, assign a result code of 15. The case will come up later to be dialed.

If the new telephone number does not pass the edit (or none was entered), and there is an alternate telephone number available, assign a result code of 15 and call the alternate number. If no alternate number is available (there is none or all have been attempted), send the case to tracing (10).

BOX S-7

PROGRAMMER NOTE:

Messages will be left on the first answering machine in each strategy for a maximum of 3 messages. If appropriate to leave a message on the machine, display READMSG. If not appropriate to leave a message, go to ANSMACH.

READMSG

[PLEASE READ THE FOLLOWING MESSAGE INTO THE ANSWERING MACHINE.]

This is {INTERVIEWER NAME} calling on behalf of the Lewin Group for {DR. PHYSICIAN'S NAME/PROXY'S NAME, PROXY'S TITLE}. I'm calling about a Practice Expense survey being conducted by the Industrial Medical Council of the California Department of Industrial Relations. You were recently sent a letter regarding this study. I would appreciate it if you could return this call at 1 - 800 - xxx-xxxx (CHECK WITH STACEY). The research office is open 9 am to 7 pm Monday through Friday Pacific time. Your help is critical. Thank you.

[PRESS RETURN TO CONTINUE]

VERFMSG

[WAS THE MESSAGE SUCCESSFULLY READ AND RECORDED?]

- 1. YES
- 0. NO
- 3. NOT SURE

ANSMACH

WAS A CALLBACK TIME GIVEN?

- 1. YES (GO TO BOX S-7a)
- 0. NO (GO TO END)

ANSCALL

BOX S-7a

PROGRAMMER NOTE:

If a callback time is given on the recorded message of an answering machine, go to CALLBCK2 to allow the interviewer to code an appropriate callback time. The SURVRSLT will record that the attempt resulted in an answering machine, and then a second SURVRSLT is created to record the callback information.

SCPROXY1

What is the name of the person who could best answer these questions [about the doctor's practice]?

NEW PROXY
FIRST NAME: _____ LAST: _____

BOX S-8

PROGRAMMER NOTE:

If a subsequent proxy is identified in the SCREENER, overwrite the name, title and telephone number of the earlier proxy.

RESPFNAM, RESPMINT, RESPLNAM

SCPROXY2

What is {PROXY NAME}'s job title?

[IF NECESSARY: Which of the following job titles best describes {PROXY NAME}'s position?]

1. OFFICE MANAGER
2. RECEPTIONIST
3. SECRETARY
4. PRACTICE MANAGER
5. ACCOUNTANT
91. OTHER

SPECIFY: _____

**RESPTITL
RESPTIOS**

SCPROXY3

What is the best telephone number at which to reach {PROXY'S NAME/PROXY'S TITLE}?

[IF RESPONSE IS THE SAME, PRESS RETURN.]

{CURRENT TELE NUMBER}
PROXY TELEPHONE NUMBER: (____) - ____ - _____

SPEAKING TO {PROXY'S NAME/PROXY'S TITLE}?

1. YES
0. NO

BOX S-9

PROGRAMMER NOTE:

If we are speaking to the proxy, go to SCINTRO2. If not speaking to the proxy, but the proxy is at this telephone number, go to PRXINTRO. If the proxy is at a different telephone number, go to SCTHANK.

RESPAREA, RESPEXCH, RESPLOCL

PROXYSPK

SCINTRO2

Hello, this is {INTERVIEWER NAME} calling about a Practice Expense survey The Lewin Group is conducting.

IF WE ARE SPEAKING TO A PROXY:

[{DR. PHYSICIAN'S NAME} referred us to you as the best person to provide the information.]

DISPLAY FOR ALL:

[IF NEEDED: {You/ DR. PHYSICIAN'S NAME} should have received a letter from Allen Dobson of The Lewin Group regarding this study.]

I would like to start by verifying a few items about {the doctor's/your} practice.

[PRESS RETURN TO CONTINUE]

BOX S-14

PROGRAMMER NOTE:

This is the first screen of the extended interview. If we go to PROXY NEEDED or GT on this screen, the next attempt will begin with the RESTART2 screen followed by EXINTRO and then {P}INTRO1. The screener will be fenceposted so that it need not be done again. Section P and C must be completed before other sections can be attempted. Each section will have a similar introduction screen labeled CINTRO1, AINTRO1, etc. The options will be the same as shown on {P}INTRO1, except that EINTRO3 will have additional options:

1. CONTINUE WITH THE EXPENSE QUESTIONS(E8)
2. NEW PROXY NEEDED/GO BACK TO PT. (EXPROXY1)
3. FED-EX EXPENSE SUMMARY (MAIL)
4. SKIP EXPENSE QUESTIONS (EINTRO4)
5. REFUSES TO PROVIDE EXPENSES (EINTRO4)
- GT. GO TO RESULT (RESULT)

If 5 is coded and all other sections of the interview are completed, the case will be coded as a 95 to be held. The case will not come up as a restart for Section E. If a 4 is coded, and all other sections of the interview are completed, the case will be coded as a 9 (mailout) and will be held for the appropriate delay period. If 3 is coded, show the MAIL screen. When the interviewer completes the MAIL screen, return to this EINTRO3 screen with everything displayed exactly as it was the first time EXCEPT that the response categories, except 3, are highlighted.

The display for each introduction screen will vary for each section. See extended questionnaire CATI specifications.

BOX S-15

PROGRAMMER NOTE:

Ask for each description of each section should be displayed within brackets.

EXPROXY1

[SECTION {F}: {DESCRIPTION OF SECTION}]

What is the name of the person who would best be able to answer these questions?

1. PHYSICIAN: {DR. PHYSICIAN'S NAME}
2. {FIRST PROXY'S NAME/TITLE}
3. {SECOND PROXY'S NAME/TITLE}
4. {etc., for each proxy already identified}
91. A NEW PERSON

FIRST NAME: _____ LAST: _____

BOX S-16

PROGRAMMER NOTE:

If the proxy is the PHYSICIAN or an already identified proxy, go to EXPROXY4. If the response = 91, display an overlay to collect the new person's name. Then continue with EXPROXY2 to collect title.

**PROXYNUM
RESPFNAM, RESPMINT, RESPLNAM**

EXPROXY2

What is {PROXY'S NAME}'s job title?

[IF NECESSARY: Which of the following job titles best describes {PROXY'S NAME}'s position?]

1. OFFICE MANAGER
2. RECEPTIONIST

- 3. SECRETARY
- 4. PRACTICE MANAGER
- 5. ACCOUNTANT
- 91. OTHER

SPECIFY: _____

RESPTITL
RESPTIOS

EXPROXY3

What is the best telephone number at which to reach {PROXY'S NAME/PROXY'S TITLE}?

PROXY TELEPHONE NUMBER: (_____) - _____ - _____
{CURRENT TELE NUMBER}

RESPAREA, RESPEXCH, RESPLOCL

BOX S-17
PROGRAMMER NOTE:
If the telephone number does not pass the edit, display a reverse video message, "PLEASE VERIFY TELEPHONE NUMBER."

EXPROXY4

SPEAKING TO {PHYSICIAN: DR. PHYSICIAN'S NAME/PROXY'S NAME/PROXY'S TITLE}?

- 1. YES
- 0. NO

PROXYSPK

BOX S-17a
PROGRAMMER NOTE:

If speaking to the proxy, return to the section introduction screen (AINTRO1, EINTRO1, etc.) from which we came into the proxy module, except for sections P and C which go to the first question of the section.

If not speaking to the proxy, go to the introduction screen of the next available section. If no other sections are available, and the proxy is at this telephone number, go to PRXINTRO. If the proxy is at a different telephone number, go to SCTHANK.

SCTHANK

Thank you for your help. We will get in touch with {PROXY'S NAME/TITLE} at that number.

[PRESS RETURN TO CONTINUE]

BOX S-18

PROGRAMMER NOTE:

If this proxy has been assigned to complete the screener (from SCPROXY), code case as 15. The case will come back up to be called at the proxy's telephone number and will start at SCINTRO1 asking to speak to the proxy.

If this proxy has been assigned to complete one or more sections of the extended interview, assign a result code of 15. When the case comes back up, it will begin with RESTART2 followed by the intro screen of the appropriate section (PINTRO1, CINTRO1, etc.).

PRXINTRO

[Thank you for your time.]

May I please speak with { DR.PHYSICIAN'S NAME/PROXY'S NAME, PROXY'S TITLE}?

Hello, this is {INTERVIEWER NAME} calling about a Practice Expense survey the Industrial Medical Council of the California Department of Industrial Relations is conducting.

[[{DR.PHYSICIAN'S NAME} referred us to you as the best person to provide the information.]

[IF NEEDED: {You/ DR.PHYSICIAN'S NAME} should have received a letter from Allen Dobson of The Lewin Group regarding this study.]

- | | |
|---------------------------------------|-------------|
| 1. AVAILABLE | (BOX S-18a) |
| 0. NOT AVAILABLE, MAKE AN APPOINTMENT | (CALLBCK2) |
| 3. PROXY PREFERS TO CALL US | (THANK800) |
| GT. GO TO RESULT | |

BOX S-18a

PROGRAMMER NOTE:

If this is in the screener, go to SCINTRO2. If this is in the extended, go to EXINTRO.

PROXYINT

RESULT

- | | |
|--|------------------------|
| 1. RING NO ANSWER | (FOLLOW CATI STAN9999) |
| 2. REFUSAL | (REASREF1) |
| 3. BUSY, REGULAR SIGNAL | (CATI STANDARD) |
| 4. CALLBACK/APPOINTMENT | (CALLBCK2) |
| 5. ANSWERING MACHINE | (BOX S-7) |
| 6. LANGUAGE/SPEECH/HEARING PROBLEM | (CATI STANDARD) |
| 7. QUESTIONABLE RING/TELEPHONE PROBLEM | (CATI STANDARD) |
| 8. OTHER PROBLEM | (PROBLEM8) |
| 9. FAX NEEDED | (FAX) |

- | | |
|---|-----------|
| IR PHYSICIAN IS RETIRED | (CODE IR) |
| ID PHYSICIAN IS DECEASED | (CODE ID) |
| IS. PHYSICIAN IS NO LONGER PRACTICING IN U.S. | (CODE IS) |
| IH. PHYSICIAN IS A RESIDENT | (CODE IH) |
| IP. PHYSICIAN IS NOT PRACTICING | (CODE IP) |
| IV. SAMPLED PERSON IS NOT A PHYSICIAN | (CODE IV) |

MAINRSLT

PROBLEMS

WHAT TYPE OF PROBLEM IS IT?

NON-INTERVIEW REPORT FORM
STATE REASON FOR PROBLEM

BOX S-19

PROGRAMMER NOTE:

This screen is displayed when the interviewer chooses option 9
MAILOUT from the result code screen, or chooses option 4 MAIL
FED-EX PACKAGE from EINTRO3. This screen does NOT create a
new proxy. Allow a return through PRACTICE NAME with no entry.

FAX

To whom should we FAX the letter?

[IF RESPONSE IS THE SAME, PRESS RETURN]

{CURRENT RESPONDENT'S NAME }

NAME: _____

TITLE (IF NOT THE PHYSICIAN): _____

PRACTICE NAME: _____

{SAMPLED ADDRESS}
STREET ADDRESS: _____ SUITE #: _____

{SAMPLED CITY} { } { }
CITY: _____ STATE: _____ ZIP: _____

**MAILSAL, MAILFNAM, MAILMINT, MAILLNAM
MAILTITL
MAILPRAC**

MAILADDR, MAILLSUIT
MAILCITY, MAILSTAT, MAILZIP

CAPTURE FAX NUMBER _____ - _____ - _____

BOX S-20

PROGRAMMER NOTE:

If 9 was selected on the result code screen, go to MAILTHK2. If 4 was selected from EINTRO3, go to EINTRO3.

MAILTHK2

Thank you. You should receive the letter in a few days. We will call back after you have had time to look it over. We look forward to talking with you then. Goodbye.

[PRESS RETURN TO CONTINUE]

BOX S-21

PROGRAMMER NOTE:

Initiate mailing and hold case for 4 days.

REASREF1

NON-INTERVIEW REPORT FORM
STATE REASON FOR REFUSAL

REASREF2

[ENTER 1 = YES, STATEMENT APPLIES, OR
0 = NO, STATEMENT DOES NOT APPLY]

- TOO BUSY
- NOT INTERESTED
- INTERVIEW SOUNDS TOO LONG/IS TAKING TOO LONG
- NEGATIVE REACTION TO SURVEYS IN GENERAL
- NEGATIVE REACTION TO APMA
- NEGATIVE REACTION TO BASELICE
- NEGATIVE REACTION TO THIS SURVEY SUBJECT MATTER
- GENERAL POLICY, DOES NOT DO SURVEYS
- CONFIDENTIALITY/DO NOT GIVE OUT INFORMATION OVER PHONE
- CONCERNED ABOUT USE OF DATA
- NO COMPENSATION OFFERED
- OTHER

HOSTSEX2

STRENGTH OF REFUSAL:

- 1. MILD - NO HOSTILITY
- 2. FIRM, BUT NOT HOSTILE
- 3. HOSTILE

REFUSAL MADE BY:

- 1. PHYSICIAN
- 2. PROXY
- 3. SOMEONE ELSE
 - 1. MALE
 - 2. FEMALE

BOX S-22

PROGRAMMER NOTE:

If refusal is made by someone else, overlay screen to collect sex.
Then go to END.

RESTART2

THIS IS A RESTART CASE THAT WILL BEGIN AT SECTION {QUEX SECTION LETTER AND NAME}.

Hello, this is {INTERVIEWER NAME} calling back on behalf of the Lewin Group and Industrial Medical Council of the California Department of Industrial Relations. I'd like to speak with {PHYSICIAN'S NAME/PROXY'S NAME/PROXY'S TITLE}.

[IF NEEDED: The doctor received a letter from the Allen Dobson of The Lewin Group regarding a Practice Expense survey the APTA is conducting.

1. {PHYSICIAN/PROXY} SPEAKING/AVAILABLE
2. {PT/PROXY}NEEDS APPOINTMENT/ANSWERING SERVICE (CALL BCK2)
3. PHYSICIAN KNOWN BUT AT A DIFFERENT NUMBER (KNOWS)
4. NEVER HEARD OF PHYSICIAN (CHECKNO)
5. TELEPHONE COMPANY RECORDING (RECORD)
6. PHYSICIAN /PROXY PREFERS TO CALL US (THANK800)
7. PROXY NEEDED(REQUIRES PHYSICIAN'S OK) (Section Intro)
- AM. ANSWERING MACHINE (BOX S-7)
- RT. RETRY AUTODIALER (AUTODIAL)
- GT. GO TO RESULT (RESULT)

HELLO

EXINTRO

IF CALLING BACK FOR A PROXY:

Hello, this is {INTERVIEWER NAME} calling back on behalf of the Lewin Group and Industrial Medical Council of the California Department of Industrial Relations.

[We talked to {DR. PHYSICIAN'S NAME}earlier about the Practice Expense survey The Lewin Group is conducting and {he/she} referred us to you as the best person to provide the information.]

[The doctor received a letter from the Allen Dobson of The Lewin Group regarding this Practice Expense survey.]

IF CALLING BACK FOR THE PHYSICIAN:

Hello, this is {INTERVIEWER NAME} calling back on behalf of the Industrial Medical Council of the California Department of Industrial Relations. We talked to you earlier about the Practice Expense survey we're conducting for the Industrial Medical Council of the California Department of Industrial Relations. We're calling back now to complete the survey.

[You received a letter from Allen Dobson of The Lewin Group regarding this study.]

[PRESS RETURN TO CONTINUE]

BOX S-23

PROGRAMMER NOTE:

Go to the intro screen of the section where the interview will begin.

BEGINNING OF ELIGIBILITY/SCREENER QUESTIONS

WCOMP

Does your practice provide services to workers' compensation patients?

- | | |
|---------------|------------------|
| 1. YES | (GO TO SPEC) |
| 0. NO | (GO TO SCTHKYOU) |
| 8. REFUSED | (GO TO SCTHKYOU) |
| 9. DON'T KNOW | (GO TO SCTHKYOU) |

SPEC

Indicate the primary specialty of your practice. If you cannot designate a primary specialty, please indicate your practice as a multi-specialty practice. (Record only)

1. Acupuncture
2. Chiropractic
3. Dentistry
4. Optometry
5. Podiatry
6. Psychology
7. Orthopedic Surgery
8. Neurology
9. Family Practice

- 10. Emergency Medicine
 - 11. Osteopathic Specialty
 - 12. Multi-specialty practice
 - 13. Other Specialty (**Specify**_____) (Programming to supply
Massachusetts Payer list for interviewer to use for spelling.)
- 98 REFUSED
- 99 DON'T KNOW

SPECCOMP

What is the specialty composition of this practice? (Read choices)

1. Single specialty practice
 2. A multi-specialty practice with primary and specialty care
 3. A multi-specialty practice with primary care only
 4. A multi-specialty practice with specialty care only
- 8 REFUSED
9 DON'T KNOW
-

WCOMPREV

Please estimate the percentage of patient care revenue your practice received from treating workers' compensation patients in 2001.

- 998 REFUSED
999 DON'T KNOW
-

FEDEMP

Do you currently have salaried employees of the U. S. Public Health Service, Veterans Administration, a military service, or other federal agency in this practice?

- | | |
|--------------|------------------|
| 1. YES | (GO TO SCTHKYOU) |
| 0 NO | (GO TO LEGORG) |
| 8 REFUSED | (GO TO SCTHKYOU) |
| 9 DON'T KNOW | (GO TO SCTHKYOU) |
-

LEGORG

Which of the following best describes the legal organization of this practice? (Read choices)

1. Sole proprietorship
2. Professional corporation or Subchapter S corporation
3. Partnership (Includes LLPs / Limited Liability Partnerships)
4. Other corporation

- 5. Limited liability corporation
 - 6. Other (vol) (Please specify _____)
 - 98 Refused
 - 99 Don't Know
-

SPECDES

Is your practice specialty designated as a "clinic, group, association" or as a "hospital" when you file workers' compensation claims with insurers?

- 1. Clinic, group, association
 - 2. Hospital
 - 3. Other/neither
 - 8. Refused
 - 9. Don't know
-

DIRCARE

How many hours of direct patient care, on average, do physicians and/or other practitioners who are owners in this practice provide during a typical week? Direct patient care includes only time spent seeing patients and providing patient services, such as performing examinations, evaluations, diagnoses, procedures, and supervising assistants.

_____ HOURS

PROBE: Please be sure to only report direct patient care hours for owners in this practice.

BOX S-12
PROGRAMMER NOTE:
Range for DIRCARE is 0 through 168.

PROXY A

[INTERVIEWER NOTE: THE NEXT FEW QUESTIONS ARE ABOUT PRACTICE CHARACTERISTICS]

- CONTINUE WITH PHYSICIAN..... 1
- CONTINUE WITH PROXY..... 2
- PROXY NEEDED..... 3 → GO TO SCPROXY1

BOX C-9

PROGRAMMER NOTE:
The range for **DOCNUM** is 1 through 996.

DOCNUM

How many physicians and/or other practitioners, who bill directly for their services, are in this practice?

- NUMBER |__|__|__|
- REFUSED..... 998
- DON'T KNOW 999

BOX P-9

PROGRAMMER NOTE:
Verify that **NDOCOWN** is less than or equal to the number provided in **DOCNUM**. If **NDOCOWN** is more than **DOCNUM** display the following message to the interviewer "ANSWER CANNOT BE MORE THAN {INSERT **DOCNUM** VALUE}."

NDOCOWN

How many of the {INSERT **DOCNUM** VALUE} physicians and/or other practitioners, who bill directly for their services in this practice, are full or part owners?

- NUMBER |__|__|__|
- REFUSED..... 998
- DON'T KNOW 999

PROGRAMMER NOTE:
If **DOCNUM=NDOCOWN**, GO TO **NOPER**

This next set of questions relates only to physicians and/or other practitioners who bill directly for their services and who are not owners of this practice.

EMPHRSa and EMPMAINa should be combined into one variable with the word 'main' in brackets (and included under the conditions noted in Box P-3 on page 22).

EMPHRSa

Direct patient care is defined in this survey as time spent seeing patients and providing patient services, such as performing examinations, evaluations, diagnoses, procedures, and supervising assistants. Now, considering both part-time and full time employees, on average, how many hours of direct patient care do physician and/or other practitioner employees, who bill directly for their services, provide in a typical week in this practice?

_____ HOURS

PROGRAMMER NOTE:

Range for **NOPER** is 0 through 9996.

NOPER

Excluding physicians and/or other practitioners who bill directly for their services, how many employees were employed in this practice during 2001? Please include both full-time and part-time employees.

NUMBER OF NON-PHYSICIANS | _ | _ | _ | _ |
REFUSED 9998
DON'T KNOW 9999

BOX P-10

PROGRAMMER NOTE:

If **NOPER** is "0, 9998 or 9999," skip to PROXEYE1 (**change skip pattern**).

BOX P-11

PROGRAMMER NOTE:

If **NOPER** is "1," ask **NOCLER** as follows: Was this employee working primarily in administrative, secretarial or clerical activities?

NOCLER

YES..... 1 Auto code **NOCLER** as 1
NO 0 Auto code **NOCLER** as 0
REFUSED..... 9998 Auto code **NOCLER**
DON'T KNOW..... 9999

Range for **NOCLER** is 0 through 9996.

Verify that **NOCLER** is less than or equal to **NOPER**. If **NOCLER** is more than **NOPER** display the following message to the interviewer "ANSWER CANNOT BE MORE THAN {INSERT **NOPER** VALUE}."

NOCLER

How many of these {INSERT **NOPER** VALUE} employees in your practice were employed primarily in administrative, secretarial or clerical activities?

NUMBER | _ | _ | _ | _ |
REFUSED..... 9998
DON'T KNOW 9999

SECTION E- PRACTICE EXPENSES

PROXYE1

The next questions are about the average number of weeks worked by physicians and/or other practitioners and the total practice expenses in calendar year 2001 for this practice.

- CONTINUE WITH PHYSICIAN.....1 (GO TO **WKMISSV**)
- CONTINUE WITH PROXY2 (GO TO **WKMISSV**)
- PROXY NEEDED.....3 (GO TO **SCPROXY1**)

PROGRAMMER NOTE:
Range for **WKMISSV** is 0 to 52.

WKMISSV

During 2001, how many weeks of clinical practice, on average, did the physicians and/or other practitioners who are full or part owners of this practice miss because of illness, vacation, professional conferences or any other reason?

- NUMBER OF WEEKS..... |__|__|
- REFUSED..... 9998
- DON'T KNOW 9999

EMPWKMIS (NEW VARIABLE)

Including only physicians and/or other practitioners who bill directly for their services and who are NOT full or part owners of this practice -- How many weeks of clinical practice, on average, did the physicians and/or other practitioners miss in 2001 because of illness, vacation, professional conferences or any other reason?

- NUMBER OF WEEKS..... |__|__|
- REFUSED..... 9998
- DON'T KNOW 9999

PROXYE2

Now, I'm going to ask about your practice's tax-deductible professional expenses in 2001.

- CONTINUE WITH PHYSICIAN..... 1
- CONTINUE WITH PROXY 2
- PROXY NEEDED..... 3 GO TO-SCPROXY1

BOX E-5

PROGRAMMER NOTE:

If **PROXYE2** was asked, then ask **EXPSUM** as follows:

"In answering these expense questions you may find it helpful to refer to the Expense Summary that we mailed the office. Do you have the Expense Summary available at this time?"

EXPSUM

In answering these expense questions you may find it helpful to refer to the Expense Summary Worksheet that we mailed the office. Do you have the Expense Summary Worksheet available at this time?

[PROBE: IF NECESSARY, ADD: I can hold while you get it.]

- HAS EXPENSE SUMMARY..... 1 (GO TO EXPREF)
- DOES NOT HAVE EXPENSE SUMMARY. 0 (GO TO EXPREF)
- REFUSED 9998 (GO TO EXPREF)
- DON'T KNOW 9999 (GO TO EXPREF)

BOX E-6

PROGRAMMER NOTE:

If **NDOCOWN** has been asked and if **NDOCOWN** is less than **DOCNUM**, then insert "seven" in **EXPREF** [INSERT] and display category 4 below. Else, insert "six" and do not display category 4.

EXPREF

I'll be asking for 2001 tax-deductible professional expenses. There are {INSERT} expense categories. They include:

- 1) Professional liability or malpractice insurance premiums;
- 2) Office expenses;
- 3) Total non-physician/practioner payroll expenses;
- 4) Payroll expenses for physicians and/or practitioners who bill directly for their services;
- 5) Clinical materials and supplies;
- 6) Depreciation, leases and rent on equipment; and
- 7) Any other professional expenses that your practice may have had in 2001.

Would you like to continue with these practice expense questions now or would you like to fill out the Expense Summary and continue with these questions after you have completed the worksheet?

- CONTINUE WITH PHYSICIAN..... 1
- CONTINUE WITH PROXY 2
- PROXY NEEDED..... 3 → SKIP TO **SCPROXY1**
- FAX EXPENSE SUMMARY WORKSHEET 4 → SKIP TO FAX MODULE &
BACK TO **SCPROXY1**
-
- SKIP EXPENSES (WILL DO LATER)... .. 5 → SKIP TO **SCPROXY1**
- REFUSES TO PROVIDE EXPENSES..... 6 → SKIP TO **SCPROXY1**

BOX E-8

PROGRAMMER NOTE:

Range for **EXPMAL** through **EXPYEAR1** is 0 through 9996.

EXPMAL

Just thinking about the insurance premiums paid out and not about the amount of coverage, what total dollar amount did your practice pay in professional liability or malpractice insurance premiums in 2001?

[PROBES:

IF THE RESPONDENT RESPONDS WITH DON'T KNOW, SAY:

Can you estimate this expense?

Is there someone else who can provide this information? Perhaps the practice manager, accountant or someone else familiar with the practice expenses.

IF THE RESPONDENT REFUSES, SAY:

Baselice adheres to strict confidentiality procedures. Your identity will not be revealed and only summary figures will be published.

PREMIUM AMOUNT\$ |__|, |__|__|__|,000
REFUSED 9998
DON'T KNOW 9999

EXPOFF

To the nearest thousand, what were your practice's total office expenses for 2001, including rent, mortgage interest, depreciation on clinical buildings used in the practice, utilities and telephone?

AMOUNT\$ |__|, |__|__|__|,000
REFUSED 9998
DON'T KNOW 9999

BOX E-13

PROGRAMMER NOTE:

If **NDOCOWN** is less than **DOCNUM**, go to **EXPPHYS**

Else, skip to **EXPPER**

EXPPHYS

The information I have shows that there are {INSERT **DOCNUM**} physicians and/or other practitioners, who bill directly for their services, in your practice and {INSERT **NDOCOWN**} are owners or part owners of the practice. For the physicians and/or other practitioners that are not owners of the practice, what were your practice's total 2001 payroll expenses, including fringe benefits, to the nearest thousand dollars?

AMOUNT..... \$|_|,|_|_|_|,000

REFUSED..... 9998

DON'T KNOW 9999

EXPPER

Earlier I recorded that your practice has employed {INSERT **NOPER**} employees in 2001. This excluded physicians and/or other practitioners who bill directly for their services. To the nearest thousand, what were your practice's total employee payroll expenses, including fringe benefits, for 2001? Again, please do not include payroll expenses for physicians or other practitioners who bill directly for their services.

AMOUNT..... \$|_|,|_|_|_|,000

REFUSED..... 9998

DON'T KNOW 9999

BOX E-11

PROGRAMMER NOTE:

If **EXPPER** is 0 or 9999, skip to Box E-12

If **EXPPER** is 1 through 996, and **NOPER** is equal to 0, or **NOCLER** is equal to 0 or has not been asked, or **NOPER** is equal to **NOCLER**, skip to Box E-12

Else, continue below.

BOX E-12

PROGRAMMER NOTE:

In **EXPCLERP** interviewers should have the ability to change the value of **NOCLER** if needed

If **EXPCLERP** is more than **EXPPER**, display a reverse video that prompts the interviewer to reask **EXPCLERP**. If still greater than **EXPPER**, move on.

EXPCLERP

To the nearest thousand, how much of your practice's payroll of {INSERT **EXPPER**} thousand was solely for the {INSERT **NOCLER**} personnel involved in administrative, secretarial or clerical activities?

AMOUNT\$ |__|, |__|__|__|,000
NOT PAID BY PRACTICE/
NOT APPLICABLE N
REFUSED 9998
DON'T KNOW 9999

BOX E-13

PROGRAMMER NOTE:

If **DOCNUM** is equal to "1," skip to Box E-14
If **NDOCOWN** is less than **DOCNUM**, go to **EXPPHYS**
Else, skip to Box E-14

EXPSUP

To the nearest thousand dollars, what were your practice's 2001 expenses for clinical materials and supplies, such as x-ray film and disposable medical products? Do not include expenses for office supplies in your answer.

AMOUNT\$ |__|, |__|__|__|,000
REFUSED 9998
DON'T KNOW 9999

EXPEQP

To the nearest thousand dollars, what were your practice's 2001 expenses for depreciation, leases and rent of clinical equipment used in diagnosis or treatment of patients? Do not include expenses for office equipment and furniture. Also, do not include the total purchase price or replacement value of clinical equipment; report only the portion that was tax-deductible in 2001.

AMOUNT\$|_| |_|,|_|_|_|,000
 REFUSED..... 9998
 DON'T KNOW 9999

BOX E-19a

PROGRAMMER NOTE:

If **EXPYEAR1** is not equal to the non-missing sum of **EXPMAL** through **EXPOTH**, excluding **EXPCLERP** allow interviewers to modify **EXPMAL** through **EXPOTH** and then skip to **THK2**.

THK2

Thank you very much for your cooperation. We appreciate your assistance in completing the telephone portion of the survey. Now, for the same practice for which you reported total practice expenses, we would like to request that you provide us with information on the number of times each procedure was provided by the practice. You will need to supply this information to receive your \$35 participation fee. Instructions on what information to send and where to send it was included in the Practice Expense Survey letter and worksheet we sent to you. Please review this information carefully and contact Silver Ho at The Lewin Group toll free at 1-866-242-9558 if you have any questions. Thank you again for participating in this important study.

NORECON
 RESPONDENT ASKS NOT TO BE CALLED AGAIN1

BOX D-3

PROGRAMMER NOTE:

At this point CATI should know the name, position/title of the person who has just answered each section. If not, ask for it.

We need to deliver the following:

- The number of cases that were completed by the PHYSICIAN only
- The number of cases that were completed by PHYSICIAN /proxy combination
- The number of cases that were completed by a proxy (or proxies) only

- Whether the case was completed with a call from the PHYSICIAN
- Whether the case was completed with a call from MPR
- Whether it was necessary to schedule a callback to complete the case

SCTHKYOU - FOR INELIGIBLE RESPONDERS

At this time we are only interviewing privately practicing physicians who provide services to worker compensation patients. Thank you for your time.

[PRESS RETURN TO CONTINUE]

BOX S-13

PROGRAMMER NOTE:

This physician is ineligible. If **DIRCARE**<20, or **DIRCARE2**=2, 9998, or 9999, assign result code IC. If **FEDEMP** = 1, 9998, or 9999, assign result code IF.

Appendix C

Total Practice Expense Survey Worksheet

SUMMARY OF 2001 PROFESSIONAL EXPENSES

During your telephone interview, you will be asked to provide information on your 2001 tax-deductible professional expenses. Since many respondents find it helpful to prepare this information in advance, we have enclosed this form for your convenience. Please complete this form and keep it accessible so that you can refer to it during the telephone interview.

PRACTICE MANAGERS: Please fill in the total amount of tax-deductible expenses incurred by the practice for each of the following practice expense items (items 1-7) and the practice's total expenses for 2001 (item 8).

OWNER PHYSICIANS/PRACTITIONERS: Please fill in the total amount of tax-deductible expenses incurred by your practice for each of the following practice expense items (items 1-7) and your total practice expenses for 2001 (item 8). If you cannot provide the total expenses for your practice, please isolate "your share" of total practice expenses and provide a prorated estimate for your practice. For example, if your share of professional practice expenses is \$25,000 for professional liability, or malpractice insurance premium and there are four owner physicians/practitioners in the practice, estimate total expenses for your practice to be \$100,000.

- 1. Total expenses for professional liability, or malpractice insurance premium . . . \$ __, __ __ __, 000

- 2. Total office expenses, including rent, mortgage interest, depreciation on office building used in your practice, utilities and telephone \$ __, __ __ __, 000

- 3. Total payroll expenses, including fringe benefits, for physicians and/or other practitioners who bill directly for their services and are not full or part owners of this practice \$ __, __ __ __, 000

- 4. Total payroll expenses, including fringe benefits, for employees (excluding physicians and/or other practitioners who bill directly for their services). \$ __, __ __ __, 000
 - 4a. Please estimate your total 2001 payroll expenses that were solely for personnel involved primarily in administrative, secretarial or clerical activities \$ __, __ __ __, 000

- 5. Total expenses for clinical materials and supplies, such as X-rays and disposable medical products. Do not include expenses for office supplies \$ __, __ __ __, 000

- 6. Total expenses for depreciation, leases and rent on medical equipment used in diagnosis or treatment of patients. Do not include the total purchase price or replacement value of your equipment. Please report only that portion which was tax-deductible in 2001 \$ __, __ __ __, 000

- 7. All other expenses including legal, accounting, or office management services, office supplies, professional association memberships, journals and continuing education, professional car upkeep and depreciation, lease or depreciation expenses for office equipment, and any other professional expenses that have

not been listed\$ __, __ __ __, 000

8.	TOTAL 2001 TAX-DEDUCTIBLE PROFESSIONAL EXPENSES
----	---

(EQUALS SUM OF 1-7, EXCLUDING 4a)

APPENDIX D

AMA RUC Practice Expense Direct Input Survey

**The American Medical
Association/Specialty Society
RVS Update Committee**

**DIRECT PRACTICE EXPENSE
RVS Update Survey**

New/Revised CPT Code:

Global Period: **XXX**

CPT Code Descriptor:

Typical Patient/Service:

INTRODUCTION

Why should I complete this survey?

The AMA/Specialty Society RVS Update Committee (RUC) and the _____ need your help to assure relative values will be accurately and fairly presented to HCFA during this revision process. This is important to you and other physicians because these values determine the rate at which Medicare and other payers reimburse for procedures.

What if I have a question?

Contact: *{Include Specialty Society Contact}*

How is This Surveyed Organized?

Each new/revised code must be surveyed (i.e., **there is one questionnaire per code**), so you may have several questionnaires to complete. Each questionnaire is organized the same and is comprised of questions relating to direct practice expenses.

START HERE

The following information must be provided by the physician responsible for completing the questionnaire.

Physician Name: _____

Business Name: _____

Business Address: _____

City: _____

State: _____

Zip: _____

Business Phone: (____) _____

Business Fax: (____) _____

E-mail Address: _____

Physician Specialty: _____

Years Practicing Specialty: _____

Primary Geographic Practice Setting: Rural____ Suburban____ Urban____

Primary Type of Practice: Solo Practice____
Single Specialty Group____
Multispecialty Group____
Medical School Faculty Practice Plan____

DIRECT PRACTICE EXPENSE INPUTS

In answering these practice expense questions, you may find it helpful to confer with your clinical or administrative staff.

Direct Practice Expense inputs include the following:

- Time spent by health care professional clinical staff providing clinical activities,
- Medical supplies used to perform service, and
- Medical equipment used to perform the service.

Definition of a Global Period

It is very important to consider the global period when you are estimating clinical staff time. A service paid on a global basis includes:

- visits and other services provided prior to the service;
- provision of the service; and
- visits and other services for a specified number of days after the service is provided.

The global periods listed on the cover of the survey refer to the number of post-service days of care that are included in the payment for the service as determined by the Health Care Financing Administration for Medicare payment purposes.

Categories of *Global Period*:

- 090** 90 days of post-service care are included in the payment for this service
- 010** 10 days of post-service care are included in the payment for this service
- 000** 0 days of post-service care are included in the payment for this service
- ZZZ** This code is reported in addition to a primary procedure and only the additional intra-service work to perform this service is included in the payment for this service.
- XXX** A global period does not apply to the code and evaluation and management and other diagnostic tests or minor services performed, may be reported separately on the same day.

Clinical Labor Service Period Definitions

Evaluation and Management Services, Diagnostic Tests and Other Services with an XXX Global Period

PRE-SERVICE PERIOD

The pre-service time period begins when the appointment for the service or office visit is made.

This includes all non-physician clinical services provided to a patient until the beginning of the service period. This may include one or more visits or contacts with the physician's office before the service period to acquire and review the necessary pre-service screening, test and examination results as well as provide an informed consent, assure proper authorization, organize all necessary personnel and services for the intra-service period, and answer questions from the patient and family.

The pre-service time period ends with arrival at a physician's office for a visit or consultation or when the physician arrives at the patient's hospital unit.

SERVICE PERIOD

The service period starts with the patient's arrival at the physician's office, or the physician's arrival at the patient's hospital unit.

This includes the preparatory services before the service, assistance provided during the intra-procedural services or, the services provided while the physician is with the patient and/or family, and all post-procedure services that are provided while in the physicians office, or while the physician is at the patient's hospital unit. When services are provided in the hospital/ACSC, only staff employed by the physician should be counted.

The service time period ends with departure from the physicians office or departure of the physician from the patient's hospital unit.

POST-SERVICE PERIOD

The post-service period begins when the patient leaves the physician's office or when the physician departs the patient's hospital unit.

The post-service period includes services provided by staff after the service and may include arranging for further services, communicating further with the patient, family, and other professionals which includes written and telephone reports.

The post-service time period concludes when appointment for next office visit is made.

Background for Question 1—Staff Time

Estimate the staff time providing clinical support in **minutes** for each category listed. For the CPT code on the front cover, please estimate the time required for each of the service categories. Enter your estimates on the next page.

The work of clinical staff should not be counted when it substitutes for work the physician would provide within the definitions of physician work. However, when the clinical staff provides services that are above and beyond the tasks that the physician is usually expected to do and not a substitute for physician services, it should be included. This may include such activities as review of history and test results, recording of notes, measurement of vital signs, review of x-ray or pathology reports, and completion of medical forms and prescriptions.

Include: clinical labor provided by health care professionals who are paid by your practice and cannot bill separately, such as registered nurses (RNs), licensed practical nurses (LPNs), and certified medical assistants (MA), or other personnel employed in your practice.

Do not include: clinical labor provided by health care professionals, such as physician assistants (PAs) nurse practitioners (NPs), or clinical social workers in this survey if they can separately bill for the service and their services are a substitute for the physician service. An example is a PA acting as an assistant at surgery. **Also, administrative activities provided by clerical staff, medical secretaries, or clinical staff should NOT be included.** Administrative activities include activities such as billing for services, scheduling appointments, transcribing and filing reports and obtaining service authorizations.

SITE OF SERVICE

Practice expenses are classified according to the site of service as either in-office or out-of-office. In-office settings include physician offices, freestanding imaging centers, and independent pathology labs. Out-of-office settings include all other settings, such as hospitals, ambulatory surgical centers, skilled nursing facilities, and partial hospitals.

The site of service is the place where the main part of the procedure is performed, it is not based on the actual place of service where a particular pre or post service activity occurs. For example, if a procedure is performed in the hospital, then the setting is out-of-office, even though services associated with the procedure, such as pre/post surgical visits might often occur outside the hospital in the physician's office.

Be sure that you indicate the appropriate site of service where you usually perform the service. If you perform the procedure in both sites of service please answer questions for both the in office and out of office setting.

QUESTION1a. How much time does the office staff spend providing clinical support for each portion of this procedure in the office? If the other category is used, please identify staff category. *(Base estimates on a typical patient for this procedure.)*

Only include clinical labor provided by health care professionals who are paid by your practice and cannot bill separately, such as registered nurses (RNs), licensed practical nurses (LPNs), and certified medical assistants (MA), or other personnel employed in your practice. It is important to include the time associated with clinical activities regardless of the type of staff providing the service, since it is most important to capture the time related to clinical functions. For example, if you use non-clinical personnel for clinical activities please list the staff type in the "other staff" category below, however, administrative activities such as the following should not be included:

Administrative activities which should not be included:

- ❖ Obtain referral from referring MD
- ❖ Schedule patient/remind patient of appointment
- ❖ Obtain medical records/manage patient database/develop chart
- ❖ Pre-certify patient/conduct pre-service billing
- ❖ Verify insurance/register patient
- ❖ Transcribe results/file and manage patient records
- ❖ Schedule subsequent post service E&M services
- ❖ Notify and complete report to referring MD
- ❖ Conduct billing and collection activities

**Type of Service: Evaluation/Management Services or Diagnostic Tests
XXX Global Period**

SITE OF SERVICE: In-Office

Clinical Services

Minutes

Staff Type – Circle

Pre-Service Period

Start: When appointment for service is made

Review/read X-ray, lab, and pathology reports

_____ RN, LPN, MA, Other _____

Other Clinical Activity (please specify)

_____ RN, LPN, MA, Other _____

End: Patient arrival at office for service

Service Period

Start: Patient arrival at office for service

Greet patient/provide gowning

_____ RN, LPN, MA, Other _____

Obtain vital signs

_____ RN, LPN, MA, Other _____

Prep and position patient

_____ RN, LPN, MA, Other _____

Prepare room, equipment, supplies

_____ RN, LPN, MA, Other _____

Assist physician during exam

_____ RN, LPN, MA, Other _____

Education/instruction/ counseling

_____ RN, LPN, MA, Other _____

Coordinate home or outpatient care

_____ RN, LPN, MA, Other _____

Clean room/equipment

_____ RN, LPN, MA, Other _____

Other Clinical Activity (please specify)

_____ RN, LPN, MA, Other _____

End: Patient leaves office

Post-Service Period

Start: Patient leaves office

Phone calls between visits with patient, family pharmacy

_____ RN, LPN, MA, Other _____

Other Activity (please specify)

_____ RN, LPN, MA, Other _____

End: When appointment for next office visit is made.

**Type of Service: Evaluation/Management and Diagnostic Tests
XXX Global Period**

SITE OF SERVICE: Out-of-Office

Clinical Services

Minutes

Staff Type – Circle

Pre-Service Period

Start: When appointment for service is made.

Schedule space and equipment in facility	_____	RN, LPN, MA, Other _____
Review/read X-ray, lab, and pathology reports	_____	RN, LPN, MA, Other _____
Other Clinical Activity (please specify)	_____	RN, LPN, MA, Other _____
_____	_____	RN, LPN, MA, Other _____

End: Patient arrival for service or physician arrives at patient's hospital unit. (ie: contact between physician and patient for service)

Service Period

Start: Patient arrival for service or physician arrives at patient's hospital unit.

Greet patient/provide gowning	_____	RN, LPN, MA, Other _____
Obtain vital signs	_____	RN, LPN, MA, Other _____
Prep and position patient	_____	RN, LPN, MA, Other _____
Prepare room, equipment, supplies	_____	RN, LPN, MA, Other _____
Assist physician during exam	_____	RN, LPN, MA, Other _____
Education/instruction/ counseling	_____	RN, LPN, MA, Other _____
Coordinate home or outpatient care	_____	RN, LPN, MA, Other _____
Clean room/equipment by physician staff	_____	RN, LPN, MA, Other _____
Coordination of care by staff in office	_____	RN, LPN, MA, Other _____
Other Activity (please specify)	_____	RN, LPN, MA, Other _____

End: Patient leaves facility or physician leaves patient's hospital unit.

Post-Service Period

Start: Patient leaves facility or physician leaves patient's hospital unit.

Phone calls between visits with patient, family pharmacy	_____	RN, LPN, MA, Other _____
Other Activity (please specify)	_____	RN, LPN, MA, Other _____
_____	_____	RN, LPN, MA, Other _____

End: When appointment for next office visit is made.

Background for Questions 2 through 4

MEDICAL SUPPLIES

List medical supplies that you have purchased and used to provide this service both in and out of the office. Provide only supplies that are NOT separately reimbursable. **Include the units in which supplies are purchased** (e.g., ml, ounce, foot) and are disposable. Refer to the attached list of supplies. If you use supplies that are not in the attached list please include these supplies also.

For a procedure performed "In-Office", include the supplies used in the office the day before the procedure, the day of the procedure, and during all subsequent office visits through the global period. For a procedure performed "Out-of-Office", include supplies used in the office the day before the procedure and during all subsequent office visits through the global period. Do not include supplies used at the out-of-office site-of-service on the day of the procedure, since these items are the expense of the out-of-office site.

MEDICAL EQUIPMENT

List procedure-specific medical equipment which your practice has purchased/leased and used in providing this service. Include only equipment with a purchase price of \$500 or more that is easily attributable to this service (e.g., an EKG machine for EKG codes; an x-ray view box for fracture services; or parallel bars for therapy services) **The hours per week in operation should reflect the total time the equipment is used in all procedures in your practice, not just the total time used for the procedure currently being reviewed.**

For a procedure performed "In-Office," include the equipment used in the office the day before the procedure, the day of the procedure, and during all subsequent office visits through the global period. For a procedure performed "Out-of-Office," include equipment used in the office the day before the procedure and during all subsequent office visits through the global period. Do not include equipment used at the out-of-office site-of-service on the day of the procedure, since these items are the expense of the out-of-office site. Do not include office equipment or furniture.

QUESTION 3. What medical equipment has your practice purchased/leased and used in the provision of this service? (Refer to definitions and the attached list of equipment. If you need additional space, attach additional sheets as necessary or photocopies of this page.)

Medical Equipment	No. of units in practice	IN-OFFICE procedure AND pre- & post-op visits		OUT-OF-OFFICE pre- & post-op visits only	
		minutes of use per procedure	hours per week in use - all services	minutes of use per procedure	hours per week in use - all services

Q4. Please list one or two CPT codes which utilize similar resources as the new/revised code you just evaluated.

Reference Code 1 _____

Reference Code 2 _____

Appendix E

AMA Workgroup Results

Through a series of meetings, the AMA RUC E/M Workgroup developed the following table of average clinical labor time for each of the following E/M codes. Clinical labor time is broken out by specific clinical activities. Due to rounding of the specific staff activities (determined via inputs of multiple physicians), the total for each code may not equal the sum of the staff activities for each code. The total time row indicates the RUC recommendation.

Staff Person	99201	99202	99203	99204	99205	99211	99212	99213	99214	99215	99241	99242	99243	99244	99245
Pre-Service Period															
Start: When appointment for service is made															
Review/read X-ray, lab and pathology reports	-	1	2	4	4	-	1	2	3	4	1	2	3	4	4
Other clinical activity (please specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
End: Patient arrival at office for service															
Service Period															
Start: Patient arrival at office															
Greet patient/provide gowning	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Obtain vital signs	3	4	5	5	5	2	4	5	5	5	3	5	5	5	6
Prep and position patient	2	2	2	2	2	1	2	2	2	2	2	2	2	2	2
Review history, systems, and medications	5	10	12	15	15	4	5	6	13	15	5	10	15	15	16
Prepare room, equipment and supplies	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Assist physician during exam	1	3	5	6	8	-	2	3	5	6	3	4	5	6	8
Education/instruction/counseling	4	5	9	11	12	3	3	5	9	9	4	6	9	12	13
Coordinate home or outpatient care	-	-	2	3	9	-	-	-	2	6	-	1	3	5	8
Clean room/equipment	3	3	3	3	3	2	3	3	3	3	3	3	3	3	3
Other clinical activity (please specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
End: Patient leaves office															
Post-Service Period															
Start: Patient leaves office															
Phone calls between visits with patients, family, pharmacy	1	4	6	8	9	1	4	5	6	8	2	3	6	6	9
Other activity (please specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
End: When appointment for next office visit is made															
Total Time	24	38	51	62	71	16	27	36	53	63	27	40	55	63	73

Appendix F

AMA RUC Direct Input Packages

E/M Code Times

Code	CL Time	Code	CL Time	Code	CL Time
99201	24	99211	16	99241	27
99202	38	99212	27	99242	40
99203	51	99213	36	99243	55
99204	62	99214	53	99244	63
99205	71	99215	63	99245	73
99238	6	99239	9		

Supply Packages

The RUC has accepted the following three supply packages that should be used when developing direct input recommendations. The first is a basic visit package, and the second is a basic post-operative incision kit, and the third is an E/M code supply package. These packages are considered the minimal supplies necessary and can be augmented with additional supply packages or individual supplies.

Medical Supplies

Medical Supplies E/M Codes

CMS Code

Drape, sheet	1 item	11106
Exam table paper	7 feet	11111
Pillow case	1 item	11112
Gloves, non-sterile	2 pair	11302
Otoscope speculum disposable		1 item11505
Patient education booklet	1 item	11115
Patient gown, disposable	1 item	11107
Swab, alcohol	2 item	31101
Thermometer probe cover, disposable		1 item11509
Tongue depressor	1 item	11511

Post-Operative Incision Care Kit - intended for use in a post surgical encounter when staples are removed. This kit can be used anytime after the first post-operative visit.

Gloves, sterile	1 pair	14005
Swab, alcohol	2 item	31101
Steri-strips	2 packs	31513
Tape (12 inches)	(2 increments of tape @ 6 inches each)	31514
Staple remover kit	1 item	31702
Betadine (20 units)	10 ml	52301
Gauze, sterile 4 x 4	2 items	31505
Tincture Binzoin Swab	1 item	52308

Minimum Supply Package for Visits (Multi-specialty) - intended for use with post-operative office visits included in the surgical package.

Patient gown, disposable	1 item	11107
Exam table paper	7 feet	11111
Pillow case	1 item	11112
Gloves, non-sterile	2 pair	11302
Thermometer probe cover, disposable	1 item	11509

Equipment

The RUC has accepted the following equipment for E/M codes (Medical equipment must have a price greater than \$500 and typically be used in the provision of the services under review):

Examination Table
Otoscope/Ophthalmoscope

Appendix G

Direct Input Panels Cover Letter



The Lewin Group
3130 Fairview Park Dr.
Suite 800
Falls Church, VA 22042

May 22, 2002

<First Name> <Last Name>
<Affiliation>
<Address Line 1>
<Address Line 2>
<City>, <State> <Zip>

Dear <Title> <Last Name>,

The California Department of Industrial Relations / Industrial Medical Council (DIR/IMC) has contracted with The Lewin Group to study the practice expenses involved in the delivery of Evaluation and Management (E/M) services to workers' compensation patients as compared to those involved in treating non-workers' compensation patients. California uses the Workers' Compensation Official Medical Fee Schedule (OMFS) to establish maximum fees for medical services provided to individuals receiving workers' compensation benefits. The purpose of this project is to determine whether the practice expense portion of the relative value units for E/M services appropriately reflects the practice resources used in providing services to injured workers. The stimulus for this project is California's proposal to adopt a resource-based relative value scale for its OMFS.

As part of this project, The Lewin Group is planning a series of Practice Expense Advisory panels. The purpose of the panels will be to develop consensus estimates of the direct inputs (clinical labor, medical supplies and medical equipment) required to provide E/M services in workers' compensation settings relative to non-workers' compensation settings. The panels will each be comprised of between 8-12 physicians who have experience treating both workers' compensation and non-workers' compensation patients. Four half-day panels will be held. Two panels will be held in Los Angeles on July 16th and 17th and two will be held in San Francisco on July 19th. Please see the attached sheet for panel dates and times. Locations for the panels will be forwarded at a later date.

Through the panel meetings, the direct practice expense inputs of 20 pre-selected CPT codes will be determined, although it is anticipated that each panel will review approximately 10 codes. Composition of the panels will be based on common services provided by participants. The July 16th panel in Los Angeles and both of the July 19th panels in San Francisco will be attended by physicians who have experience providing E/M services to injured workers in office (non-facility) settings. The July 17th panel in Los Angeles will be attended by physicians who have experience providing E/M services to injured workers in both office (non-facility) and hospital (facility) settings.



The Lewin Group
3130 Fairview Park Dr.
Suite 800
Falls Church, VA 22042

We are contacting associations to identify candidates to participate in the panel meetings. Please nominate up to three individuals for each of the four panels. We ask that you nominate individuals with experience treating both workers' compensation and non-workers' compensation patients.

In order to be fully prepared for the panels, we will be asking panel members to complete worksheets prior to the panels. In these worksheets, the participants will answer questions relating to the direct inputs involved in providing selected E/M services to workers' compensation patients. At the panel meeting, they will discuss their responses with those of other physicians until consensus values are reached for each of the inputs. The worksheets will also be forwarded at a later date.

We believe that physician participation is essential to ensure a successful determination of the direct practice expense inputs for E/M services provided to workers' compensation patients and are offering honoraria of \$100 for participation. We sincerely hope that you will be able to nominate physicians to attend the panels and we will call you in the coming days to address any questions you may have. Kindly fax a completed background sheet and a curriculum vitae on each of your nominees to Jawaria Gilani at 703-269-5501 by June 7th. We will notify you of our selections by June 11th. If you have any questions in the meantime, please feel free to call Ms. Gilani or me at (703) 269-5500.

Sincerely,

Joan DaVanzo, Ph.D., M.S.W.
Vice President
The Lewin Group



The Lewin Group
3130 Fairview Park Dr.
Suite 800
Falls Church, VA 22042

PANEL TIMES AND LOCATIONS

Date	Time	Location	Facility or Non-Facility
July 16	2 P.M. – 6 P.M.	Los Angeles	Non-Facility
July 17	9 A.M. – 1 P.M.	Los Angeles	Facility
July 19	9 A.M. – 1 P.M.	San Francisco	Non-Facility
July 19	2 P.M. – 6 P.M.	San Francisco	Non-Facility



The Lewin Group
 3130 Fairview Park Dr.
 Suite 800
 Falls Church, VA 22042

BACKGROUND SHEET FOR PANEL NOMINEES

Name:	
Business name:	
Business address:	
City, State, Zip:	
Business phone number:	
Business fax number:	
Email address:	
Specialty:	
# of years in practice:	
# of years in workers' compensation practice:	
Geographic location of practice:	<i>Rural</i> ___ <i>Suburban</i> ___ <i>Urban</i> ___
Primary type of practice:	<i>Solo</i> ___ <i>Single Specialty Group</i> ___ <i>Multi-specialty Group</i> ___ <i>Medical School Faculty Practice</i> ___ <i>Other</i> ___
Proportion of practice devoted to treating workers' compensation patients:	
Proportion of practice devoted to treating non workers' compensation patients (e.g., Medicare, Group Health, Managed Care):	
Proportion of practice devoted to other activities:	
Do you provide E/M services to injured workers in facility (hospital) settings?	<i>Yes</i> ___ <i>No</i> ___
Date, location and time of panel that you can attend.	<i>7/16 2 PM LA</i> ___ <i>7/17 9 AM LA</i> ___ <i>7/19 9 AM SF</i> ___ <i>7/19 2 PM SF</i> ___

Appendix H

Direct Input Panels Background Materials

Direct Practice Expense Panel Background Information

Thank you for agreeing to participate in the Direct Practice Expense Panel that The Lewin Group is conducting for the Industrial Medical Council (IMC) of the California Department of Industrial Relations. This Practice Expense study is the third in a series of studies that The Lewin Group has been conducting in California for the DIR/IMC as they consider adopting a modified version of the resource-based relative value scale (RBRVS) for the Official Medical Fee Schedule (OMFS). In the first study (the RBRVS study), The Lewin Group provided technical analyses and policy recommendations related to the proposed migration of the OMFS to RBRVS. In the second study (the Physician Work Study), The Lewin Group is determining whether the physician work component in the RBRVS adequately reflects the resources used in providing evaluation and management (E/M) services to workers' compensation patients. In this third Practice Expense study, we are studying the practice expenses involved in the delivery of E/M services to workers' compensation patients as compared to those involved in treating non-workers' compensation patients.

The purpose of the Direct Practice Expense Panel is to develop consensus estimates of the direct inputs required to provide E/M services to workers' compensation patients relative to non-workers' compensation patients. There are three types of direct inputs: clinical labor, medical supplies and medical equipment. These inputs are referred to as direct inputs because the costs associated with these inputs can be directly associated with the provision of a single procedure. **Clinical labor** includes labor provided by health care professionals who are paid by your practice and who do not bill separately for medical services provided. **Medical supplies** are supplies that are purchased by your practice that are used when providing medical care. **Medical equipment** is equipment which your practice has purchased or leased with a purchase price of \$500 or more that is easily attributable to a particular service.

During the Direct Practice Expense Panel, we will closely follow the process utilized by the American Medical Association (AMA) when it develops data on practice expenses to submit to the Centers for Medicare and Medicaid Services (CMS). The consensus estimates that result from the Direct Practice Expense Panel will be used in The Lewin Group's estimations of the direct practice expenses involved during the delivery of E/M services to workers' compensation patients.

Direct Practice Expense Panel Instructions

Each panel member has ten E/M codes to evaluate. Enclosed, you will find worksheets regarding the direct inputs for these ten codes. Please bring the completed worksheets with you to the Panel meetings. You may find it helpful to consult with your clinical staff as you complete the worksheets. If you have any questions, please call Jawaria Gilani at 703-269-5574. If you are able to complete the worksheets prior to July 15th, please also fax them to Jawaria at 703-269-5501.

Before you begin the worksheets, you should review the information on service period definitions, as well as the CPT descriptions for your ten codes.

Pre-Service, Service, and Post-Service Period Definitions

The time it takes to perform a clinical labor service is divided into a pre-service period, a service period, and a post-service period. Different practice expense inputs are required during each of these time periods.

Pre-Service Period	Service Period	Post-Service Period
<p>The pre-service time period begins when the appointment for the service or office visit is made.</p> <p>This includes all non-physician clinical services provided to a patient until the beginning of the service period. This may include one or more visits or contacts with the physician's office before the service period to acquire and review the necessary pre-service screening, test and examination results as well as provide an informed consent, assure proper authorization, organize all necessary personnel and services for the intra-service period, and answer questions from the patient and family.</p> <p>The pre-service time period ends with arrival at a physician's office for a visit or consultation or when the physician arrives at the patient's hospital unit.</p>	<p>The service period starts with the patient's arrival at the physician's office, or the physician's arrival at the patient's hospital unit.</p> <p>This includes the preparatory services before the service, assistance provided during the intra-procedural services or, the services provided while the physician is with the patient and/or family, and all post-procedure services that are provided while in the physicians office, or while the physician is at the patient's hospital unit. When services are provided in the hospital/ ACSC, only staff employed by the physician should be counted.</p> <p>The service time period ends with departure from the physicians office or departure of the physician from the patient's hospital unit.</p>	<p>The post-service period begins when the patient leaves the physician's office or when the physician departs the patient's hospital unit.</p> <p>The post-service period includes services provided by staff after the service and may include arranging for further services, communicating further with the patient, family, and other professionals which includes written and telephone reports.</p> <p>The post-service time period concludes when appointment for next office visit is made.</p>

Direct Practice Expense Panel CPT Code Descriptions

Code: 99201

CPT Descriptor: Office or other outpatient visit for the evaluation and management of a new patient, which requires these three components:

- a problem focused history;
- a problem focused examination; and
- straightforward medical decision making.

Usually, the presenting problems are self-limited/minor. Physicians typically spend 10 minutes face-to-face with the patient and/or family.

Code: 99203

CPT Descriptor: Office or other outpatient visit for the evaluation and management of a new patient, which requires these three components:

- a detailed history;
- a detailed examination; and
- medical decision making of low complexity.

Usually, the presenting problems are of moderate severity. Physicians typically spend 30 minutes face-to-face with the patient and/or family.

Code: 99204

CPT Descriptor: Office or other outpatient visit for the evaluation and management of a new patient, which requires these three components:

- a comprehensive history;
- a comprehensive examination; and
- medical decision making of moderate complexity.

Usually, the presenting problem(s) are of moderate to high severity. Physicians typically spend 45 minutes face-to-face with the patient and/or family.

Direct Practice Expense Panel CPT Code Descriptions

Code: 99205

CPT Descriptor: Office or other outpatient visit for the evaluation and management of a new patient, which requires these three key components.

- a comprehensive history;
- a comprehensive examination; and
- medical decision making of high complexity.

Usually, the presenting problem(s) are of moderate to high severity. Physicians typically spend 60 minutes face-to-face with the patient and/or family.

Code: 99212

CPT Descriptor: Office or other outpatient visit for the evaluation and management of an established patient, which requires at least two of these three key components:

- a problem focused history;
- a problem focused examination;
- straightforward medical decision making.

Usually, the presenting problem(s) are self-limited or minor. Physicians typically spend 10 minutes face to face with the patient and/or family.

Code: 99213

CPT Descriptor: Office or other outpatient visit for the evaluation and management of an established patient, which requires at least two of these three components:

- an expanded problem focused history;
- and expanded problem focused examination;
- medical decision making of low complexity.

Usually, the presenting problems are of low to moderate severity. Physicians typically spend 15 minutes face-to-face with the patient and/or family.

Direct Practice Expense Panel CPT Code Descriptions

Code: 99214

CPT Descriptor: Office or other outpatient visit for the evaluation and management of an established patient, which requires at least two of these three key components:

- a detailed history;
- a detailed examination;
- medical decision making of moderate complexity.

Usually, the presenting problem(s) are of moderate to high severity. Physicians typically spend 25 minutes face-to-face with the patient and/or family.

Code: 99215

CPT Descriptor: Office or other outpatient visit for the evaluation and management of an established patient, which requires at least two of these three key components:

- a comprehensive history;
- a comprehensive examination;
- medical decision making of high complexity.

Usually, the presenting problems are of moderate to high severity. Physicians typically spend 40 minutes face-to-face with the patient and/or family.

Code: 99244

CPT Descriptor: Office consultation for a new or established patient, which requires these three components:

- a comprehensive history;
- a comprehensive examination; and
- medical decision making of moderate complexity.

Usually, the presenting problem(s) are of moderate to high severity. Physicians typically spend 60 minutes face-to-face with the patient and/or family.

Direct Practice Expense Panel CPT Code Descriptions

Code: 99245

CPT Descriptor: Office consultation for a new or established patient, which requires these three key components:

- a comprehensive history;
- a comprehensive examination; and
- medical decision making of high complexity.

Usually, the presenting problems are of moderate to high severity. Physicians typically spend 80 minutes face-to-face with the patient and/or family.

Direct Practice Expense Panel Process

Step 1:

Clinical Labor Valuation

How much clinical labor do you use when providing E/M services to workers' compensation patients?

Step 2:

Medical Supplies Valuation

What medical supplies and how many units of each do you use when providing E/M services to workers' compensation patients?

Step 3:

Medical Equipment Valuation

What medical equipment do you use when providing E/M services to workers' compensation patients?

Step 1 - Clinical Labor Valuation

Direct Practice Expense Panel Step 1 - Clinical Labor Valuation

Clinical Labor

Clinical labor includes activities provided by health care professionals who are paid by your practice and do not bill separately for medical services, such as registered nurses (RNs), licensed practical nurses (LPNs), and certified medical assistants (MA), or other personnel employed in your practice. Activities that clinical staff provide that are above and beyond the tasks that the physician is usually expected to do and not a substitute for physician services are also considered clinical labor. This may include such activities as: review of history and test results, recording of notes, measurement of vital signs, review of x-ray or pathology reports, and completion of medical forms and prescriptions. It is important to include the time associated with clinical activities regardless of the type of staff providing the service, since it is most important to capture the time related to clinical functions.

Clinical labor does **not** include activities provided by health care professionals, such as physician assistants (PAs) nurse practitioners (NPs), or clinical social workers if they bill separately for the service, and if their services are a substitute for the physician service. The work of clinical staff should not be counted when it substitutes for work the physician would provide within the definitions of physician work.

Administrative activities provided by clerical staff, medical secretaries, or clinical staff are **not** clinical labor. Administrative activities that you should not include in your estimates of clinical labor are: billing for services, scheduling appointments, transcribing and filing reports and obtaining service authorizations. Other activities not to include in your clinical labor estimates: obtaining referral from referring MD, scheduling patient/reminding patient of appointment, obtaining medical records/managing patient database/developing chart, pre-certifying patient/conducting pre-service billing, verifying insurance/registering patient, transcribing results/filing and managing patient records, scheduling subsequent post service E/M services, notifying and completing report to referring MD, conduct billing and collection activities.

Step 2 - Medical Supplies Valuation

Step 3 – Medical Equipment Valuation

Appendix I

Direct Input Panels Sample Worksheets

Clinical Activities	99213		99214		99215		99244		99245	
	RUC Staff / Time	WC Staff / Time in Your Practice	RUC Staff / Time	WC Staff / Time in Your Practice	RUC Staff / Time	WC Staff / Time in Your Practice	RUC Staff / Time	WC Staff / Time in Your Practice	RUC Staff / Time	WC Staff / Time in Your Practice
	RN/LP/N/MTA		RN/LP/N/MTA		RN/LP/N/MTA		RN/LP/N/MTA		RN/LP/N/MTA	
Pre-Service Period										
<i>Start:</i> When appointment for service is made										
Review/read X-ray, lab and pathology reports	2		3		4		4		4	
Other clinical activity (please specify)	--		--		--		--		--	
<i>End:</i> Patient arrival at office for service										
Service Period										
<i>Start:</i> Patient arrival at office										
Greet patient/provide gowning	3		3		3		3		3	
Obtain vital signs	5		5		5		5		6	
Prep and position patient	2		2		2		2		2	
Review history, systems, and medications	6		13		15		15		16	
Prepare room, equipment and supplies	2		2		2		2		2	
Assist physician during exam	3		5		6		6		8	
Education/instruction/counseling	5		9		9		12		13	
Coordinate home or outpatient care	--		2		6		5		8	
Clean room/equipment	3		3		3		3		3	
Other clinical activity (please specify)	--		--		--		--		--	
<i>End:</i> Patient leaves office										
Post-Service Period										
<i>Start:</i> Patient leaves office										
Phone calls between visits with patients, family, pharmacy	5		6		8		6		9	
Other activity (please specify)										
<i>End:</i> When appointment for next office visit is made										
Total Time	36		53		63		63		73	

The AMA RUC has accepted the following medical equipment for medical services. Please list procedure-specific medical equipment which your practice has purchased/leased and used in providing these services to workers' compensation patients. Include only equipment with a purchase price of \$500 or more that is easily attributable to this service (e.g., an EKG machine for EKG codes; an X-ray view box for fracture services; or parallel bars for therapy services).

99203: Office/outpatient visit, new, presenting problems are of moderate severity.	
RUC Equipment Used	Do you use this equipment when providing this service to workers' compensation patients? yes or no
Otoscope-ophthalmoscope	
Exam table	
If other equipment is used when providing this service to workers' compensation patients then list below:	
1.	
2.	
3.	
4.	
5.	
6.	

99204: Office/outpatient visit, new, presenting problems are of moderate severity.	
RUC Equipment Used	Do you use this equipment when providing this service to workers' compensation patients? yes or no
Otoscope-ophthalmoscope	
Exam table	
If other equipment is used when providing this service to workers' compensation patients then list below:	
1.	
2.	
3.	
4.	
5.	
6.	

99212: Office/outpatient visit, established, presenting problems are self-limited/minor.	
RUC Equipment Used	Do you use this equipment when providing this service to workers' compensation patients? yes or no
Otoscope-ophthalmoscope	
Exam table	
If other equipment is used when providing this service to workers' compensation patients then list below:	
1.	
2.	
3.	
4.	
5.	
6.	

99213: Office/outpatient visit, established, presenting problems of low to moderate severity.	
RUC Equipment Used	Do you use this equipment when providing this service to workers' compensation patients? yes or no
Otoscope-ophthalmoscope	
Exam table	
If other equipment is used when providing this service to workers' compensation patients then list below:	
1.	
2.	
3.	
4.	
5.	
6.	

99214: Office/outpatient visit, established, presenting problems are of moderate to high severity.	
RUC Equipment Used	Do you use this equipment when providing this service to workers' compensation patients? yes or no
Otoscope-ophthalmoscope	
Exam table	
If other equipment is used when providing this service to workers' compensation patients then list below:	
1.	
2.	
3.	
4.	
5.	
6.	

99215: Office/outpatient visit, established, presenting problems of moderate to high severity.	
RUC Equipment Used	Do you use this equipment when providing this service to workers' compensation patients? yes or no
Otoscope-ophthalmoscope	
Exam table	
If other equipment is used when providing this service to workers' compensation patients then list below:	
1.	
2.	
3.	
4.	
5.	
6.	

99244: Office consultation, new/established, presenting problems of moderate to high severity.	
RUC Equipment Used	Do you use this equipment when providing this service to workers' compensation patients? yes or no
Otoscope-ophthalmoscope	
Exam table	
If other equipment is used when providing this service to workers' compensation patients then list below:	
1.	
2.	
3.	
4.	
5.	
6.	

99245: Office/outpatient visit, established, presenting problems of moderate to high severity.	
RUC Equipment Used	Do you use this equipment when providing this service to workers' compensation patients? yes or no
Otoscope-ophthalmoscope	
Exam table	
If other equipment is used when providing this service to workers' compensation patients then list below:	
1.	
2.	
3.	
4.	
5.	
6.	

The AMA RUC has accepted the following medical supply package for E/M services. Use the E/M Visit Package as a base when determining the medical supplies that are used by your practice while providing E/M services to workers' compensation patients. Include medical supplies that you have purchased and used to provide this service. Include only supplies that are NOT separately reimbursable. If you use supplies that are not in the E/M Visit Package, then please list those supplies below, along with the units used.

99203: Office/outpatient visit, new, presenting problems are of moderate severity.			
RUC Supplies Used	Unit	RUC Units Used	If this supply is used when providing this service to workers' compensation patients, how many units are used?
<i>E/M Visit Package which consists of:</i>			
Drape, sheet	1 item	1	
Exam table paper	7 feet	1	
Pillow case	1 item	1	
Gloves, non-sterile	2 pair	1	
Otoscope speculum disposable	1 item	1	
Patient education booklet	1 item	1	
Patient gown, disposable	1 item	1	
Swab, alcohol	2 item	1	
Thermometer probe cover, disposable	1 item	1	
Tongue depressor	1 item	1	
If other supplies are used when providing this service to workers' compensation patients then list below:			How many units of this supply are used when providing this service to workers' compensation patients?
1.			
2.			
3.			
4.			
5.			
6.			

99204: Office/outpatient visit, new, presenting problems are of moderate to high severity.			
RUC Supplies Used	Unit	RUC Units Used	If this supply is used when providing this service to workers' compensation patients, how many units are used?
<i>E/M Visit Package which consists of:</i>			
Drape, sheet	1 item	1	
Exam table paper	7 feet	1	
Pillow case	1 item	1	
Gloves, non-sterile	2 pair	1	
Otoscope speculum disposable	1 item	1	
Patient education booklet	1 item	1	
Patient gown, disposable	1 item	1	
Swab, alcohol	2 item	1	
Thermometer probe cover, disposable	1 item	1	
Tongue depressor	1 item	1	
If other supplies are used when providing this service to workers' compensation patients then list below:			How many units of this supply are used when providing this service to workers' compensation patients?
1.			
2.			
3.			
4.			
5.			
6.			

99212: Office/outpatient visit, established, presenting problems are self-limited/minor.

RUC Supplies Used	Unit	RUC Units Used	If this supply is used when providing this service to workers' compensation patients, how many units are used?
<i>E/M Visit Package which consists of:</i>			
Drape, sheet	1 item	1	
Exam table paper	7 feet	1	
Pillow case	1 item	1	
Gloves, non-sterile	2 pair	1	
Otoscope speculum disposable	1 item	1	
Patient education booklet	1 item	1	
Patient gown, disposable	1 item	1	
Swab, alcohol	2 item	1	
Thermometer probe cover, disposable	1 item	1	
Tongue depressor	1 item	1	
If other supplies are used when providing this service to workers' compensation patients then list below:			How many units of this supply are used when providing this service to workers' compensation patients?
1.			
2.			
3.			
4.			
5.			
6.			

99213: Office/outpatient visit, established, presenting problems of low to moderate severity.

RUC Supplies Used	Unit	RUC Units Used	If this supply is used when providing this service to workers' compensation patients, how many units are used?
<i>E/M Visit Package which consists of:</i>			
Drape, sheet	1 item	1	
Exam table paper	7 feet	1	
Pillow case	1 item	1	
Gloves, non-sterile	2 pair	1	
Otoscope speculum disposable	1 item	1	
Patient education booklet	1 item	1	
Patient gown, disposable	1 item	1	
Swab, alcohol	2 item	1	
Thermometer probe cover, disposable	1 item	1	
Tongue depressor	1 item	1	
If other supplies are used when providing this service to workers' compensation patients then list below:			How many units of this supply are used when providing this service to workers' compensation patients?
1.			
2.			
3.			
4.			
5.			
6.			

99213: Office/outpatient visit, established, presenting problems of low to moderate severity.

RUC Supplies Used	Unit	RUC Units Used	If this supply is used when providing this service to workers' compensation patients, how many units are used?
<i>E/M Visit Package which consists of:</i>			
Drape, sheet	1 item	1	
Exam table paper	7 feet	1	
Pillow case	1 item	1	
Gloves, non-sterile	2 pair	1	
Otoscope speculum disposable	1 item	1	
Patient education booklet	1 item	1	
Patient gown, disposable	1 item	1	
Swab, alcohol	2 item	1	
Thermometer probe cover, disposable	1 item	1	
Tongue depressor	1 item	1	
If other supplies are used when providing this service to workers' compensation patients then list below:			How many units of this supply are used when providing this service to workers' compensation patients?
1.			
2.			
3.			
4.			
5.			
6.			

99214: Office/outpatient visit, established, presenting problems are of moderate to high severity.

RUC Supplies Used	Unit	RUC Units Used	If this supply is used when providing this service to workers' compensation patients, how many units are used?
<i>E/M Visit Package which consists of:</i>			
Drape, sheet	1 item	1	
Exam table paper	7 feet	1	
Pillow case	1 item	1	
Gloves, non-sterile	2 pair	1	
Otoscope speculum disposable	1 item	1	
Patient education booklet	1 item	1	
Patient gown, disposable	1 item	1	
Swab, alcohol	2 item	1	
Thermometer probe cover, disposable	1 item	1	
Tongue depressor	1 item	1	
If other supplies are used when providing this service to workers' compensation patients then list below:			How many units of this supply are used when providing this service to workers' compensation patients?
1.			
2.			
3.			
4.			
5.			
6.			

99215: Office/outpatient visit, established, presenting problems are of moderate to high severity.

RUC Supplies Used	Unit	RUC Units Used	If this supply is used when providing this service to workers' compensation patients, how many units are used?
<i>E/M Visit Package which consists of:</i>			
Drape, sheet	1 item	1	
Exam table paper	7 feet	1	
Pillow case	1 item	1	
Gloves, non-sterile	2 pair	1	
Otoscope speculum disposable	1 item	1	
Patient education booklet	1 item	1	
Patient gown, disposable	1 item	1	
Swab, alcohol	2 item	1	
Thermometer probe cover, disposable	1 item	1	
Tongue depressor	1 item	1	
If other supplies are used when providing this service to workers' compensation patients then list below:			How many units of this supply are used when providing this service to workers' compensation patients?
1.			
2.			
3.			
4.			
5.			
6.			

99244: Office consultation, new/established patient, presenting problem(s) of moderate to high severity.

RUC Supplies Used	Unit	RUC Units Used	If this supply is used when providing this service to workers' compensation patients, how many units are used?
<i>E/M Visit Package which consists of:</i>			
Drape, sheet	1 item	1	
Exam table paper	7 feet	1	
Pillow case	1 item	1	
Gloves, non-sterile	2 pair	1	
Otoscope speculum disposable	1 item	1	
Patient education booklet	1 item	1	
Patient gown, disposable	1 item	1	
Swab, alcohol	2 item	1	
Thermometer probe cover, disposable	1 item	1	
Tongue depressor	1 item	1	
If other supplies are used when providing this service to workers' compensation patients then list below:			How many units of this supply are used when providing this service to workers' compensation patients?
1.			
2.			
3.			
4.			
5.			
6.			

99245: Office consultation, new/established patient, presenting problem(s) of moderate to high severity.

RUC Supplies Used	Unit	RUC Units Used	If this supply is used when providing this service to workers' compensation patients, how many units are used?
<i>E/M Visit Package which consists of:</i>			
Drape, sheet	1 item	1	
Exam table paper	7 feet	1	
Pillow case	1 item	1	
Gloves, non-sterile	2 pair	1	
Otoscope speculum disposable	1 item	1	
Patient education booklet	1 item	1	
Patient gown, disposable	1 item	1	
Swab, alcohol	2 item	1	
Thermometer probe cover, disposable	1 item	1	
Tongue depressor	1 item	1	
If other supplies are used when providing this service to workers' compensation patients then list below:			How many units of this supply are used when providing this service to workers' compensation patients?
1.			
2.			
3.			
4.			
5.			
6.			

Appendix J

Data Analysis Example

To consider a simple example of the allocation of direct practice expense, suppose that workers' compensation treatment consists of only two kinds of procedures. The first procedure, "A", is performed two times with a CPEP-reported medical equipment cost of five dollars per procedure and the second procedure, "B", is performed five times at a CPEP medical equipment cost of eight dollars per procedure. The total CPEP cost for the two procedures is 50 dollars ($\$5 \times 2 + \8×5). In this case, 10 percent of the practice expense pool for medical equipment is allocated to each procedure A (5 dollars out of 50 dollars total for all procedures) and 16 percent of the pool is allocated to each procedure B (8 dollars out of 50). Suppose that the medical equipment practice expense pool calculated from the total practice expense survey is 100 dollars. The equipment practice expense allocated to each procedure A and each procedure B is 10 and 16 dollars, respectively, based on the percentage of the total pool allocated to each procedure code (10% for procedure A and 16% for procedure B). The calculations described above are shown in the table below.

**Allocation of Equipment Expenses
with Total Practice Expense Pool for Equipment = \$100**

(1) Procedure	(2) Frequency	(3) CPEP- value for Equipment	(2)*(3) CPEP Total	% Direct Pool Allocated per Procedure	Allocated Direct Costs (Equip Pool = \$100)
A	2	\$5	\$10	$\$5/\$50 = 10\%$	$10\% \times \$100 = \10
B	5	\$8	\$40	$\$8/\$50 = 16\%$	$16\% \times \$100 = \16
Total	-	-	\$50	-	-

Continuing with this example, indirect practice expenses are allocated using the sum of a single procedure's (allocated) direct costs and the value of its physician work RVU. Suppose that the dollar value of the physician work RVU (i.e., physician work RVU*Conversion Factor) was 40 dollars for procedure A and 14 dollars for procedure B, and that the equipment costs mentioned above are the only direct expenses for either procedure. The sum of the allocated direct and physician work for each procedure A is 50 dollars and for each procedure B is 30 dollars. The sum of the allocated direct inputs and physician work for all procedures is 250 dollars ($\$50 \times 2 + \30×5). It follows that each procedure A is allocated 20 percent of the indirect practice expense pool (50 dollars out of 250 total direct expenses plus work for all procedures), and each procedure B is allocated 12 percent (30 dollars out of 250). Suppose that the indirect practice expense pool calculated from the total practice expense survey is 300 dollars. The indirect practice expense allocated for each procedure A and each procedure B is 60 and 36 dollars, respectively.

**Allocation of Indirect Expenses
with Total Indirect Practice Expense Pool of Equipment = \$300**

(1) Procedure	(2) Frequency	(3) Allocated Direct Costs (Equip)	(4) Physician Work RVU Dollars	(5) = (3)+(4) Sum of Allocated Directs and Physician Work	(2)*(5) Total Allocated Directs and Physician Work	% Indirect Pool Allocated per Procedure	Allocated Indirect Costs (Indirect Pool = \$300)
A	2	\$10	\$40	\$50	\$100	$\$50/\$250 = 20\%$	$20\%*\$300 = \60
B	5	\$16	\$14	\$30	\$150	$\$30/\$250 = 12\%$	$12\%*\$300 = \36
Total	-		-		\$250	-	-

Suppose further that the direct input panels conducted by Lewin uncovered that workers' compensation cases for E&M procedure A require 20 percent more in equipment expense (i.e., increasing from \$5 to \$6) and 25 percent more physician work (i.e., increasing \$40 to \$50), with no changes for non-E&M procedure B. Calculated with the adjusted values, direct allocations per procedures A and B would change to approximately \$11.50 and \$15.40, respectively; indirect allocations to per procedure A and B change to approximately \$68.40 and \$32.70, respectively. These calculation are shown in the table below.

**Allocation of Workers' Compensation Equipment Expenses
with Total Practice Expense Pool for Equipment = \$100**

(1) Procedure	(2) Frequency	(3) CPEP- value for Equipment	(2)*(3) CPEP Total	% Direct Pool Allocated per Procedure	Allocated Direct Costs (Equip Pool = \$100)
A	2	\$6*	\$12	$\$6/\$52 = 11.5\%$	$11.5\%*\$100 = \11.50
B	5	\$8	\$40	$\$8/\$52 = 15.4\%$	$15.4\%*\$100 = \15.40
Total	-	-	\$52	-	-

*New equipment expense per procedure obtained from The Lewin Group Direct Input Panels.

**Allocation of Workers' Compensation Indirect Expenses
with Total Indirect Practice Expense Pool of Equipment = \$300**

(1) Procedure	(2) Frequency	(3) Allocated Direct Costs (Equip)	(4) Work RVU Dollars	(5) = (3)+(4) Sum of Allocated Directs and Work	(2)*(5) Total Allocated Directs and Work	% Indirect Pool Allocated per Procedure	Allocated Indirect Costs (Indirect Pool = \$300)
A	2	\$11.50	\$50*	\$61.50	\$123	\$61.50/\$270 = 22.8%	22.8%*\$300 = \$68.40
B	5	\$15.40	\$14	\$29.40	\$147	\$29.40/\$270 = 10.9%	10.9%*\$300 = \$32.70
Total	-		-		\$270	-	-

*New Work RVU Dollars per procedure obtained from The Lewin Group Physician Work Study.

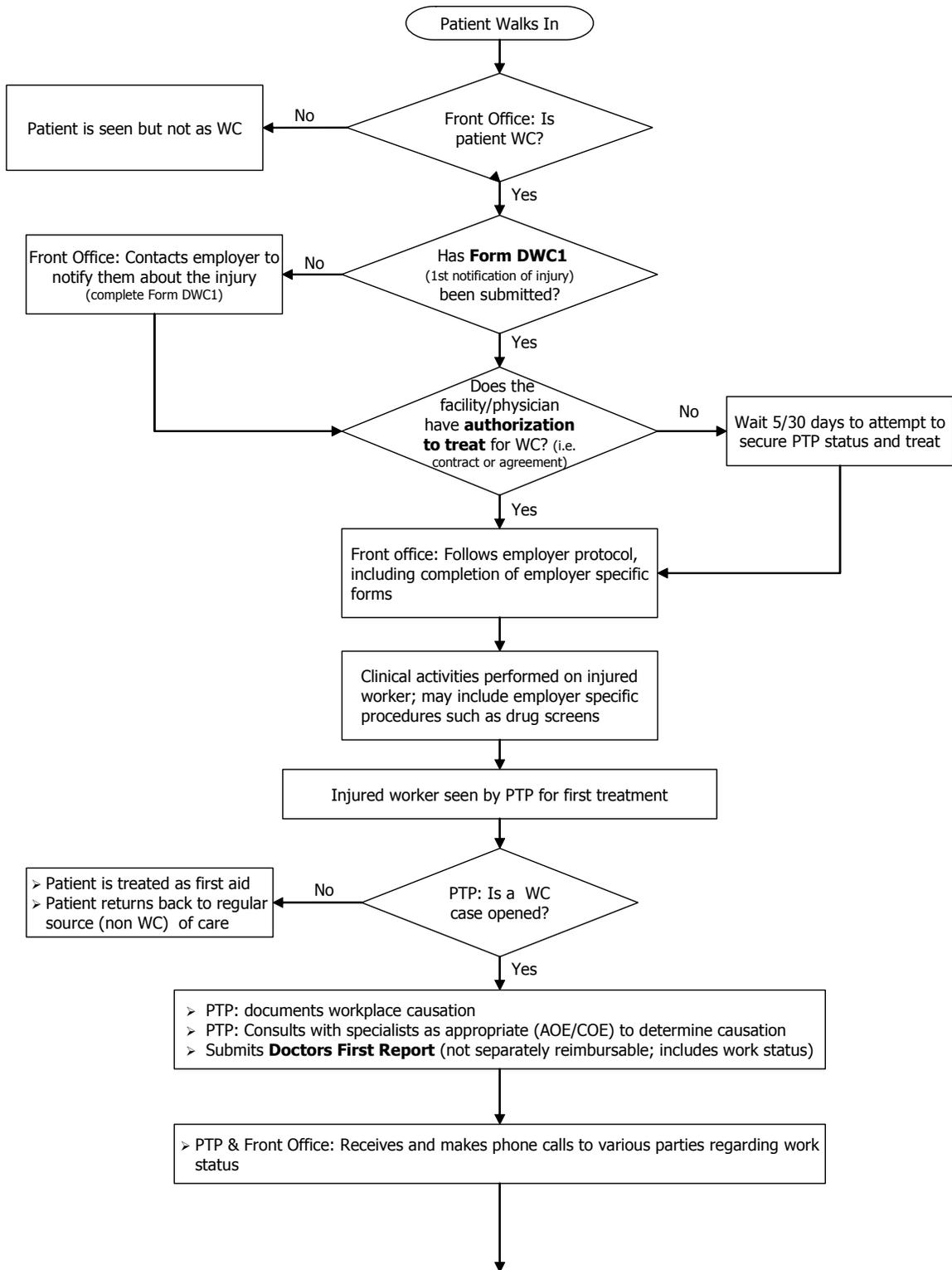
To complete our example above: procedure A is an E&M procedure while procedure B is not, which implies that the multiplier for the procedure A practice expense RVU is:

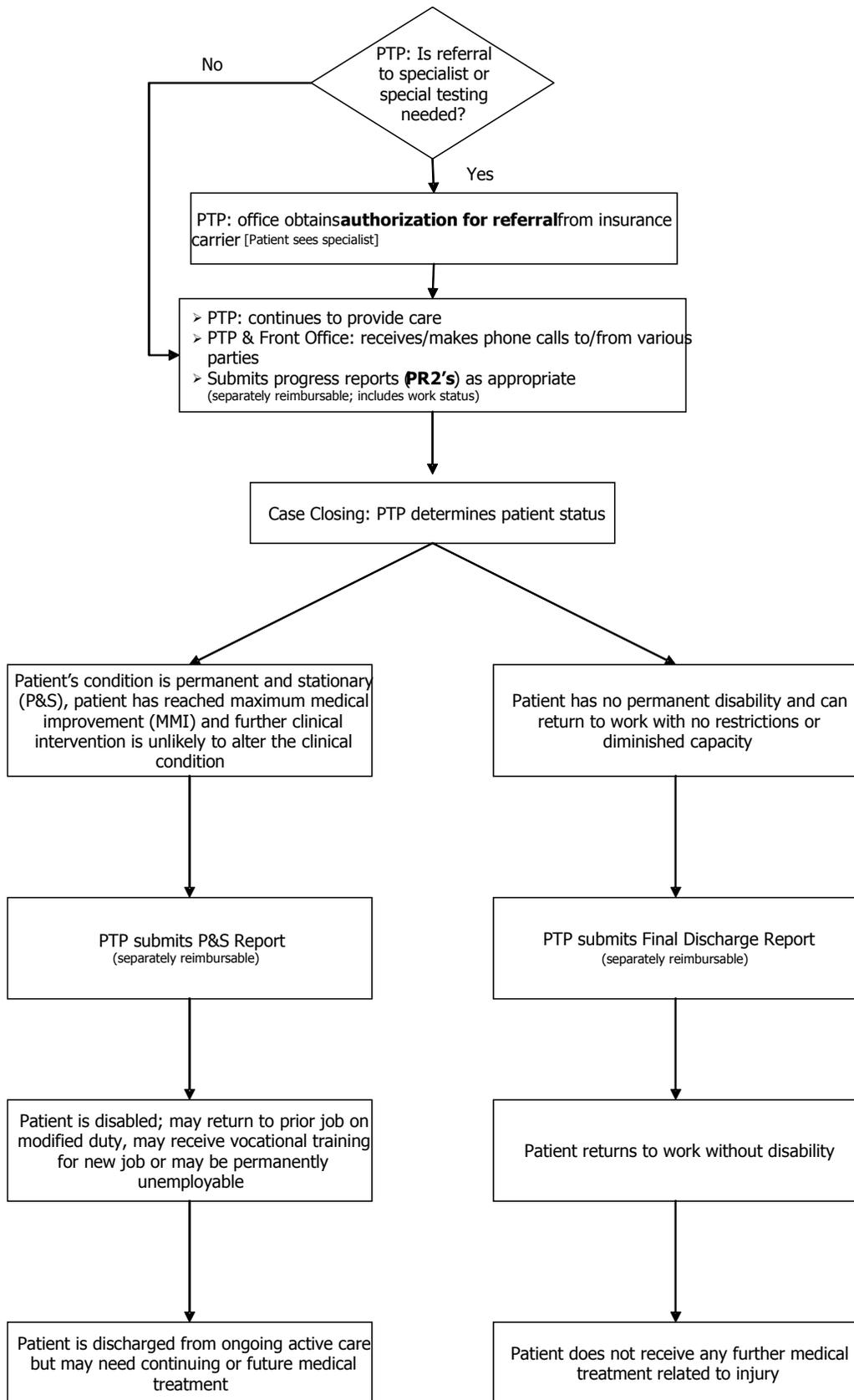
$$\text{Practice expense RVU multiplier} = \frac{11.5 + 68.4 / 15.4 + 32.7}{10 + 60 / 16 + 36} = \frac{1.661}{1.346} = 1.23$$

The RBRVS practice expense RVU for procedure A is multiplied by 1.23 in this example.

Appendix K

Primary Treating Physician Flow Chart





Appendix L

Revised and RBRVS Total Direct Input Costs

RBRVS and Revised and Direct Input Costs

Code	RBRVS Direct Input Cost	Revised Direct Input Cost	Code	RBRVS Direct Input Cost	Revised Direct Input Cost	Code	RBRVS Direct Input Cost	Revised Direct Input Cost
99201	\$ 10.37	\$ 17.29	99271	\$ 15.03	\$ 24.35	99350	\$ 13.94	\$ 22.69
99202	\$ 14.90	\$ 24.15	99272	\$ 16.60	\$ 26.72	99354	\$ 26.32	\$ 41.44
99203	\$ 19.11	\$ 30.51	99273	\$ 17.91	\$ 28.69	99355	\$ 19.40	\$ 30.96
99204	\$ 22.67	\$ 35.90	99274	\$ 19.49	\$ 31.09	99356	\$ -	\$ 1.59
99205	\$ 25.58	\$ 40.31	99275	\$ 20.49	\$ 32.60	99357	\$ -	\$ 1.59
99211	\$ 7.79	\$ 13.37	99281	\$ -	\$ 1.59	99374	\$ 36.11	\$ 56.25
99212	\$ 11.34	\$ 18.76	99282	\$ -	\$ 1.59	99375	\$ 36.11	\$ 56.25
99213	\$ 14.26	\$ 23.17	99283	\$ -	\$ 1.59	99377	\$ 36.11	\$ 56.25
99214	\$ 19.76	\$ 31.49	99284	\$ -	\$ 1.59	99378	\$ 36.11	\$ 56.25
99215	\$ 22.99	\$ 36.39	99285	\$ -	\$ 1.59	99379	\$ 36.11	\$ 56.25
99217	\$ -	\$ 1.59	99291	\$ 8.66	\$ 14.70	99380	\$ 36.11	\$ 56.25
99218	\$ -	\$ 1.59	99292	\$ 6.33	\$ 11.17	99381	\$ 36.09	\$ 56.23
99219	\$ -	\$ 1.59	99295	\$ -	\$ 1.59	99382	\$ 35.11	\$ 54.74
99220	\$ -	\$ 1.59	99296	\$ -	\$ 1.59	99383	\$ 32.79	\$ 51.22
99221	\$ -	\$ 1.59	99297	\$ -	\$ 1.59	99384	\$ 32.94	\$ 51.46
99222	\$ -	\$ 1.59	99298	\$ -	\$ 1.59	99385	\$ 33.02	\$ 51.58
99223	\$ -	\$ 1.59	99301	\$ -	\$ 1.59	99386	\$ 34.57	\$ 53.93
99231	\$ -	\$ 1.59	99302	\$ -	\$ 1.59	99387	\$ 36.73	\$ 57.19
99232	\$ -	\$ 1.59	99303	\$ -	\$ 1.59	99391	\$ 21.15	\$ 33.61
99233	\$ -	\$ 1.59	99311	\$ -	\$ 1.59	99392	\$ 21.15	\$ 33.61
99234	\$ -	\$ 1.59	99312	\$ -	\$ 1.59	99393	\$ 19.97	\$ 31.82
99235	\$ -	\$ 1.59	99313	\$ -	\$ 1.59	99394	\$ 20.52	\$ 32.65
99236	\$ -	\$ 1.59	99315	\$ -	\$ 1.59	99395	\$ 21.53	\$ 34.18
99238	\$ -	\$ 1.59	99316	\$ -	\$ 1.59	99396	\$ 22.23	\$ 35.24
99239	\$ -	\$ 1.59	99321	\$ 10.05	\$ 16.80	99397	\$ 23.44	\$ 37.07
99241	\$ 11.34	\$ 18.76	99322	\$ 15.88	\$ 25.63	99401	\$ 14.50	\$ 23.53
99242	\$ 15.55	\$ 25.13	99323	\$ 19.77	\$ 31.52	99402	\$ 16.26	\$ 26.20
99243	\$ 20.40	\$ 32.47	99331	\$ 10.05	\$ 16.80	99403	\$ 18.02	\$ 28.86
99244	\$ 22.99	\$ 36.39	99332	\$ 11.99	\$ 19.74	99404	\$ 19.78	\$ 31.53
99245	\$ 26.23	\$ 41.29	99333	\$ 13.94	\$ 22.69	99411	\$ 4.14	\$ 7.85
99251	\$ 0.92	\$ 2.98	99341	\$ 10.05	\$ 16.80	99412	\$ 5.00	\$ 9.16
99252	\$ 0.92	\$ 2.98	99342	\$ 15.88	\$ 25.63	99431	\$ -	\$ 1.59
99253	\$ 0.92	\$ 2.98	99343	\$ 19.77	\$ 31.52	99432	\$ 22.82	\$ 36.14
99254	\$ 0.92	\$ 2.98	99344	\$ 19.77	\$ 31.52	99433	\$ -	\$ 1.59

Appendix M

Revised Practice Expense RVUs

CPT Codes	Descriptor (Source CPT Manual 2001)	RBRVS RVUs	Revised WC PE RVUs	Ratio of Revised WC PE RVU / RBRVS PE RVU
	OFFICE VISIT - NEW			
99201	Office/outpatient visit, new, presenting problems are self-limited/minor.	0.44	0.61	1.40
99202	Office/outpatient visit, new, presenting problems of low to moderate severity.	0.72	0.96	1.34
99203	Office/outpatient visit, new, presenting problems of moderate severity.	1.05	1.39	1.32
99204	Office/outpatient visit, new, presenting problems of moderate to high severity.	1.47	1.91	1.30
99205	Office/outpatient visit, new, presenting problems of moderate to high severity.	1.73	2.23	1.29
	OFFICE VISIT - ESTABLISHED			
99211	Office/outpatient visit, established, may not require presence of a physician. Presenting problem(s) are minimal.	0.36	0.52	1.46
99212	Office/outpatient visit, established, presenting problems are self-limited/minor.	0.49	0.68	1.38
99213	Office/outpatient visit, established, presenting problems of low to moderate severity.	0.65	0.89	1.35
99214	Office/outpatient visit, established, presenting problems are of moderate to high severity.	1.00	1.32	1.33
99215	Office/outpatient visit, established, presenting problems are of moderate to high severity.	1.29	1.69	1.31
	OBSERVATION CARE DISCHARGE DAY MANAGEMENT			
99217	Observation care discharge day management. Service provided to a patient on discharge from observation status.	0.45	0.59	1.31
	INITIAL OBSERVATION CARE PER DAY			
99218	Initial observation care per day, problem requiring admission to "observation status" is of low severity.	0.45	0.59	1.31
99219	Initial observation care per day, problem requiring admission to "observation status" is of moderate severity.	0.74	0.95	1.28
99220	Initial observation care per day, problem requiring admission to "observation status" is of high severity.	1.05	1.33	1.27
	INITIAL HOSPITAL CARE PER DAY			
99221	Initial hospital care per day, problem(s) requiring admission is of low severity.	0.47	0.62	1.31
99222	Initial hospital care per day, problem(s) requiring admission is of moderate severity.	0.76	0.98	1.28
99223	Initial hospital care per day, problem(s) requiring admission is of high severity.	1.07	1.36	1.27
	SUBSEQUENT HOSPITAL CARE PER DAY			
99231	Subsequent hospital care per day, patient is stable/recovering.	0.24	0.33	1.38
99232	Subsequent hospital care per day, patient is responding inadequately to therapy or has a minor complication.	0.38	0.50	1.32
99233	Subsequent hospital care per day, patient is unstable or has a significant complication or has a significant new problem.	0.54	0.70	1.30
	OBSERVATION OR INPATIENT HOSPITAL CARE			
99234	Observation or inpatient hospital care including admission and discharge on the same date. Presenting problem(s) requiring admission is of low severity. ^a	0.92	1.23	1.34
99235	Observation or inpatient hospital care including admission and discharge on the same date. Presenting problem(s) requiring admission is of moderate severity. ^a	1.20	1.56	1.30
99236	Observation or inpatient hospital care including admission and discharge on the same date. Presenting problem(s) requiring admission is of high severity. ^a	1.46	1.87	1.28

CPT Codes	Descriptor (Source CPT Manual 2001)	RBRVS RVUs	Revised WC PE RVUs	Ratio of Revised WC PE RVU / RBRVS PE RVU
	HOSPITAL DISCHARGE DAY			
99238	Hospital discharge day , < 30 min spent for final hospital discharge of a patient. Includes final examination, discussion, instructions, preparation of records, prescriptions.	0.45	0.59	1.31
99239	Hospital discharge day , > 30 min spent for final hospital discharge of a patient. Includes final examination, discussion, instructions, preparation of records, prescriptions.	0.62	0.80	1.29
	OFFICE CONSULTATION			
99241	Office consultation , new or established patient, presenting problem(s) self limited or minor.	0.55	0.77	1.39
99242	Office consultation , new or established patient, presenting problem(s) of low severity.	0.95	1.26	1.33
99243	Office consultation , new or established patient, presenting problem(s) of moderate severity.	1.28	1.69	1.32
99244	Office consultation , new or established patient, presenting problem(s) of moderate to high severity.	1.71	2.22	1.30
99245	Office consultation , new or established patient, presenting problem(s) of moderate to high severity.	2.14	2.77	1.29
	INPATIENT CONSULT - INITIAL			
99251	Initial inpatient consult , new or established patient; presenting problem(s) is self limited/minor.	0.30	0.41	1.36
99252	Initial inpatient consult , new or established patient; presenting problem(s) of low severity.	0.57	0.74	1.30
99253	Initial inpatient consult , new or established patient; presenting problem(s) of moderate severity.	0.76	0.98	1.29
99254	Initial inpatient consult , new or established patient; presenting problem(s) of moderate to high severity.	1.07	1.36	1.27
99255	Initial inpatient consult , new or established patient; presenting problem(s) of moderate to high severity.	1.44	1.82	1.26
	INPATIENT CONSULT - FOLLOW-UP			
99261	Follow-up inpatient consult , established patient, stable/recovering.	0.21	0.30	1.41
99262	Follow-up inpatient consult , established patient, responding inadequately to therapy or developed a minor complication.	0.37	0.49	1.34
	Follow-up inpatient consult , established patient, unstable or developed a severe complication or a significant new problem.	0.52	0.68	1.31
	CONFIRMATORY CONSULTATION			
99271	Confirmatory consultation , new or established patient, problem(s) is self limited/minor.	0.48	0.76	1.59
99272	Confirmatory consultation , new or established patient, problem(s) of low severity.	0.73	1.05	1.44
99273	Confirmatory consultation , new or established patient, problem(s) of moderate severity.	0.95	1.31	1.38
99274	Confirmatory consultation , new or established patient, problem(s) of moderate to high severity.	1.24	1.69	1.35
99275	Confirmatory consultation , new or established patient, problem(s) of high severity.	1.38	1.88	1.36
	EMERGENCY DEPARTMENT VISIT			
99281	Emergency department visit , presenting problem(s) is self limited/minor.	0.09	0.13	1.49
99282	Emergency department visit , presenting problem(s) of low to moderate severity.	0.15	0.21	1.40
99283	Emergency department visit , presenting problem(s) of moderate severity.	0.32	0.42	1.31
99284	Emergency department visit , presenting problem(s) of high severity and requires urgent evaluation but does not pose an immediate significant threat to life or physiologic function.	0.49	0.63	1.29
99285	Emergency department visit , presenting problem(s) of high severity and requires urgent evaluation and poses an immediate significant threat to life or physiologic function.	0.74	0.94	1.27

CPT Codes	Descriptor (Source CPT Manual 2001)	RBRVS RVUs	Revised WC PE RVUs	Ratio of Revised WC PE RVU / RBRVS PE RVU
	HOME VISIT - ESTABLISHED			
99351	Home visit, established patient, problem(s) is of low to moderate severity.		deleted code	-
99352	Home visit, established patient, problem(s) is of moderate to high severity.		deleted code	-
99353	Home visit, established patient, problem(s) is of moderate to high severity. Patient may be unstable or may have developed a significant new problem requiring immediate physician attention.		deleted code	-
	PROLONGED PHYSICIAN SERVICE			
99354	Prolonged physician service, office or outpatient setting requiring direct contact beyond the usual service. 1st hour.	1.38	1.82	1.32
99355	Prolonged physician service, office or outpatient setting requiring direct contact beyond the usual service. Each additional 30 minutes.	1.17	1.54	1.32
99356	Prolonged physician service, inpatient setting requiring direct contact beyond the usual service. First hour.	0.60	0.77	1.29
99357	Prolonged physician service, inpatient setting requiring direct contact beyond the usual service. Each addtl. 30 min.	0.62	0.80	1.29
	PREVENTIVE MEDICINE - INITIAL			
99385	Initial preventive medicine evaluation and management including a comprehensive history examination, counseling/anticipatory guidance/risk factor reduction interventions; new, age 18-39 yrs.	0.99	1.62	1.63
99386	Initial preventive medicine evaluation and management including a comprehensive history examination, counseling/anticipatory guidance/risk factor reduction interventions; new, age 40-64 yrs.	1.16	1.81	1.57
99387	Initial preventive medicine evaluation and management including a comprehensive history, examination, counseling/anticipatory guidance/risk factor reduction interventions; new, age >65 yrs. ^a	1.25	1.96	1.57
	PREVENTIVE MEDICINE - PERIODIC REEVALUATION AND MANAGEMENT			
99395	Periodic preventive medicine reevaluation and management including a comprehensive history exam, counseling/anticipatory guidance/risk factor reduction interventions; estab. patient, age 18-39 yrs.	0.79	1.23	1.55
99396	Periodic preventive medicine reevaluation and management including a comprehensive history examination, counseling/anticipatory guidance/risk factor reduction interventions; established patient, age 40-64 yrs.	0.87	1.34	1.53
99397	Periodic preventive medicine reevaluation and management including a comprehensive history examination, counseling/anticipatory guidance/risk factor reduction interventions; established patient, age >65 yrs. ^a	0.96	1.47	1.53
	PREVENTIVE MEDICINE COUNSELING - INDIVIDUAL			
99401	Preventive medicine counseling and/or risk factor reduction intervention(s) provided to an individual.	0.36	0.65	1.81
99402	Preventive medicine counseling and/or risk factor reduction intervention(s) provided to an individual. ^a	0.58	0.92	1.59
99403	Preventive medicine counseling and/or risk factor reduction intervention(s) provided to an individual. ^a	0.79	1.21	1.53
99404	Preventive medicine counseling and/or risk factor reduction intervention(s) provided to an individual. ^a	1.01	1.47	1.46
	PREVENTIVE MEDICINE COUNSELING - GROUP			
99411	Preventive medicine counseling and/or risk factor reduction intervention(s) provided to individuals in a group setting. ^a	0.11	0.20	1.86
99412	Preventive medicine counseling and/or risk factor reduction intervention(s) provided to individuals in a group setting.	0.16	0.30	1.86

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a/ Fourteen codes are new to the California Workers Compensation Physician Fee Schedule since 2001, and therefore were not represented in the claims data. To calculate the adjustment factor for these codes, the new codes were linked to the code or codes that were used for these procedures before revision.

Appendix N

Impact of Work and Practice Expense for All Specialties

Specialty	Paid OMFS (A)	Budget Neutral RBRVS (B)	Impact relative to BN RBRVS (B-A)/A	Work and PE Adjusted RBRVS (C)	Impact of Adj RBRVS relative to BN RBRVS (C-B)/B	Impact of Adj RBRVS relative to Paid OMFS (C A)/A
CLINICS, GROUPS, ASSOCIATIONS	\$ 48,092,866	\$ 49,858,930	3.7%	\$ 54,644,517	9.6%	13.6%
GENERAL PRACTICE	\$ 25,590,462	\$ 24,839,748	-2.9%	\$ 27,463,633	10.6%	7.3%
CHIROPRACTORS	\$ 25,131,738	\$ 24,339,483	-3.2%	\$ 24,962,606	2.6%	-0.7%
ORTHOPEDIC SURGERY	\$ 16,679,373	\$ 15,825,200	-5.1%	\$ 17,428,149	10.1%	4.5%
HOSPITALS (NURSING HOMES/CONVALESCENCE)	\$ 14,208,676	\$ 14,513,399	2.1%	\$ 15,595,664	7.5%	9.8%
PHYSIOTHERAPISTS	\$ 13,435,777	\$ 13,283,079	-1.1%	\$ 13,330,294	0.4%	-0.8%
RADIOLOGY X-RAYS	\$ 10,765,802	\$ 10,811,934	0.4%	\$ 10,860,977	0.5%	0.9%
ANESTHESIOLOGY	\$ 6,828,515	\$ 6,656,046	-2.5%	\$ 6,690,744	0.5%	-2.0%
PHYSICAL MEDICINE AND REHAB	\$ 6,747,566	\$ 6,893,505	2.2%	\$ 7,009,024	1.7%	3.9%
PSYCHOLOGISTS	\$ 2,963,704	\$ 3,593,461	21.2%	\$ 3,675,626	2.3%	24.0%
OCCUPATIONAL MEDICINE	\$ 2,195,562	\$ 2,343,928	6.8%	\$ 2,636,903	12.5%	20.1%
NEUROLOGY	\$ 1,741,355	\$ 1,442,561	-17.2%	\$ 1,586,706	10.0%	-8.9%
NEUROLOGICAL SURGERY	\$ 1,345,492	\$ 961,942	-28.5%	\$ 1,045,370	8.7%	-22.3%
ACUPUNCTURE	\$ 942,635	\$ 949,832	0.8%	\$ 968,748	2.0%	2.8%
PSYCHIATRY	\$ 900,744	\$ 1,059,950	17.7%	\$ 1,090,768	2.9%	21.1%
GENERAL SURGERY	\$ 793,163	\$ 731,554	-7.8%	\$ 791,129	8.1%	-0.3%
DERMATOLOGY	\$ 792,190	\$ 769,384	-2.9%	\$ 845,614	9.9%	6.7%
CARDIOVASCULAR DISEASE (HEART)	\$ 755,983	\$ 640,551	-15.3%	\$ 691,768	8.0%	-8.5%
INTERNAL MEDICINE	\$ 584,372	\$ 562,531	-3.7%	\$ 628,510	11.7%	7.6%
OTORHINOLARYNGOLOGY	\$ 474,017	\$ 361,137	-23.8%	\$ 386,261	7.0%	-18.5%
LABORATORIES	\$ 448,350	\$ 511,632	14.1%	\$ 513,222	0.3%	14.5%
OSTEOPATH	\$ 413,877	\$ 460,005	11.1%	\$ 515,277	12.0%	24.5%
FAMILY PRACTICE	\$ 380,803	\$ 431,234	13.2%	\$ 511,099	18.5%	34.2%
HAND SURGERY	\$ 376,176	\$ 401,748	6.8%	\$ 427,682	6.5%	13.7%
PODIATRISTS	\$ 355,783	\$ 429,734	20.8%	\$ 480,501	11.8%	35.1%
OPHTHALMOLOGY (EYE)	\$ 294,066	\$ 360,738	22.7%	\$ 393,267	9.0%	33.7%
DENTISTS	\$ 293,983	\$ 284,219	-3.3%	\$ 292,403	2.9%	-0.5%
PLASTIC SURGERY	\$ 286,167	\$ 307,023	7.3%	\$ 323,466	5.4%	13.0%
PATHOLOGY	\$ 187,844	\$ 159,633	-15.0%	\$ 159,709	0.0%	-15.0%
UROLOGY	\$ 113,078	\$ 133,741	18.3%	\$ 149,352	11.7%	32.1%
OPTOMETRISTS	\$ 110,473	\$ 141,148	27.8%	\$ 157,194	11.4%	42.3%
NURSE	\$ 98,158	\$ 90,363	-7.9%	\$ 89,604	-0.8%	-8.7%
DIAGNOSTIC ROENTGENOLOGY	\$ 85,054	\$ 45,595	-46.4%	\$ 45,595	0.0%	-46.4%
EMERGENCY	\$ 56,388	\$ 50,824	-9.9%	\$ 59,059	16.2%	4.7%
PHARMACIES	\$ 22,921	\$ 23,454	2.3%	\$ 23,801	1.5%	3.8%
GASTROENTEROLOGY	\$ 22,781	\$ 18,549	-18.6%	\$ 21,316	14.9%	-6.4%
INTERPRETERS	\$ 19,176	\$ 18,774	-2.1%	\$ 19,870	5.8%	3.6%
PULMONARY DISEASES	\$ 18,770	\$ 17,601	-6.2%	\$ 20,831	18.4%	11.0%
AMBULANCE	\$ 17,405	\$ 22,635	30.1%	\$ 27,696	22.4%	59.1%
THORACIC SURGERY	\$ 9,666	\$ 9,471	-2.0%	\$ 10,912	15.2%	12.9%
GENERAL PREVENTIVE MEDICINE	\$ 7,546	\$ 7,976	5.7%	\$ 8,496	6.5%	12.6%
PEDIATRICS	\$ 7,209	\$ 7,228	0.3%	\$ 8,573	18.6%	18.9%
PUBLIC HEALTH	\$ 6,050	\$ 7,785	28.7%	\$ 7,825	0.5%	29.3%
ALLERGY	\$ 2,600	\$ 3,090	18.8%	\$ 3,648	18.1%	40.3%
COLON AND RECTAL SURGERY	\$ 2,320	\$ 3,148	35.7%	\$ 3,325	5.6%	43.3%
OBSTETRICS AND GYNECOLOGY	\$ 1,158	\$ 1,404	21.3%	\$ 1,701	21.2%	46.9%
UNSPECIFIED	\$ 28,870,135	\$ 29,077,726	0.7%	\$ 31,269,444	7.5%	8.3%
N/A	\$ 2,099,770	\$ 2,113,260	0.6%	\$ 2,217,321	4.9%	5.6%

Appendix O

Final Presentation

Practice Expense Study of Evaluation and Management Services

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The California Department of Industrial Relations

September 19, 2002

Presentation Outline

- ◆ Key Findings
- ◆ Study Context
- ◆ Study Objectives
- ◆ Implications of Analyses
- ◆ Why E/M Codes?
- ◆ Rationale
- ◆ Practice Expense Measurement
- ◆ Methodology and Results
- ◆ Discussion

Key Findings

- ◆ E/M service are 19% of total physician payments under OMFS and would be 23% under a budget neutral RBRVS
- ◆ Payments for E/M services rise by 28% relative to a budget-neutral RBRVS as a result of the E/M studies
- ◆ This implies a 7% increase in total physician payments and just over 1% of total system costs
- ◆ A 7% increase would compensate for the additional work and practice expense for E/M services found by the studies without adversely affecting reimbursement for the other codes

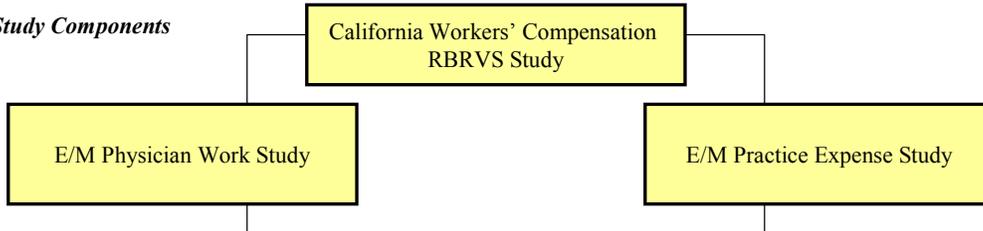
Study Context

The Practice Expense Study is part of a larger effort intended to revise the Department of Industrial Relations' Official Medical Fee Schedule based on the Resource-Based Relative Value Scale (RBRVS).

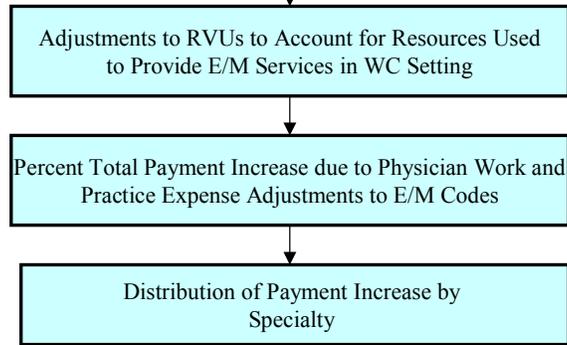
The Goal of the study is to develop fee schedule payments that better reflect the relative resources required to provide medical care to California's injured workers.

Study Components and Implications

Study Components



Implications of Analyses



Study Objectives

- ◆ **RBRVS Study:** To determine resource-based relative value units and procedure payments based on RBRVS and the implications of adopting this system for workers' compensation.
- ◆ **Physician Work Study:** To determine the relative physician work required in providing evaluation and management (E/M) services to workers' compensation patients as compared to patients in other settings in California.
- ◆ **Practice Expense Study:** To determine the relative practice expenses incurred when providing E/M services to workers' compensation patients as compared to patients in other settings in California.

Implications of Analyses

- ◆ Develop appropriate adjustments to the relative value units in RBRVS to better account for the resources required to provide E/M services to California's injured workers.
- ◆ Determine the percent increase in total workers' compensation physician payments (non-budget neutral) due to additional physician work and practice expense resources used in providing E/M services.
- ◆ Estimate the impact on the distribution of payments across specialty.

Why E/M Codes?

- ◆ The Industrial Medical Council chose to focus its analytical efforts on E/M codes because they believe these are the codes for which physician work and practice expenses for injured workers are most likely to differ from patients in other settings
- ◆ E/M services are provided by most specialties

Rationale for E/M Service Payment Adjustments

- ◆ Workers' compensation patients require more physician work and practice expenses because of:
 - System reporting requirements
 - Communications with employee, employer, and insurer within a complex medical-legal environment
 - Must spend more time on patient history and other documentation
 - More involved review of records
 - Disability management
 - Determination of causation
 - Return to work issues and associated paperwork
 - Patient motivation

RBRVS: A Resource-Based Payment System

- ◆ The Centers for Medicare and Medicaid Services (formally known as HCFA) implemented the Resource-based Relative Value Scale in 1992

- ◆ Features of RBRVS:
 - Payments for medical services are based on relative value units (RVUs) that reflect the relative resource costs required to perform a service
 - Each medical service that is reimbursed has three RVUs assigned to it: physician work (54%), practice expense (41%) and malpractice (5%)

- ◆ The Centers for Medicare and Medicaid Services (CMS) proposed RVU values for use by all payers.

- ◆ “This approach is desirable because a resource cost basis would reflect what relative values would be under a hypothetical market that functions perfectly.” (Physician Payment Review Commission, 1987)

Practice Expense Measurement

- ◆ **Total** practice expenses can be divided into “direct costs” and “indirect costs”
 - Costs associated with direct inputs can be directly attributable to provision of services:
 - Clinical labor
 - Medical supplies
 - Medical equipment
 - Costs associated with indirect (overhead) inputs cannot be directly attributable to specific services:
 - Administrative labor
 - Office supplies
 - Other expenses

Practice Expense Measurement

- ◆ CMS utilized a “top-down” approach to develop the resource-based practice expense RVUs
 - Estimated (for each specialty) direct and indirect practice expense “pools” by cost category incurred while treating Medicare beneficiaries
 - Allocated the six practice expense pools to the procedure code level
 - Converted the allocated amounts to practice expense relative value units

- ◆ The CMS approach has undergone extensive internal and external review and refinement and is annually updated

Measuring the Practice Expenses Associated with Direct Inputs

- ◆ Direct input costs were initially developed by CMS based on Clinical Practice Expense Panels (CPEPs)
 - The CPEPs were convened by CMS to identify the direct inputs for a number of reference codes through a series of meetings
 - Once consensus was reached, the inputs were costed to obtain direct cost estimates for each of the reference codes and then extrapolated to the remaining codes
- ◆ American Medical Association's RVS Update Committee (RUC)
 - The RUC advises CMS regarding updates and refinements to the RBRVS
 - The AMA created the Practice Expense Advisory Committee (PEAC) to further collect data on direct practice expenses. The PEAC reports to the RUC
 - Specialty groups submit data on direct practice expense inputs to the RUC
 - the RUC makes recommendations regarding direct practice expense inputs to CMS

Measuring Direct and Indirect Practice Expenses at the Code Level

- ◆ CMS estimated total direct and indirect practice expense pools using:
 - Practice expense data from the American Medical Association's (AMA's) Socioeconomic Monitoring System (SMS)
 - Medicare code frequency and time to perform services

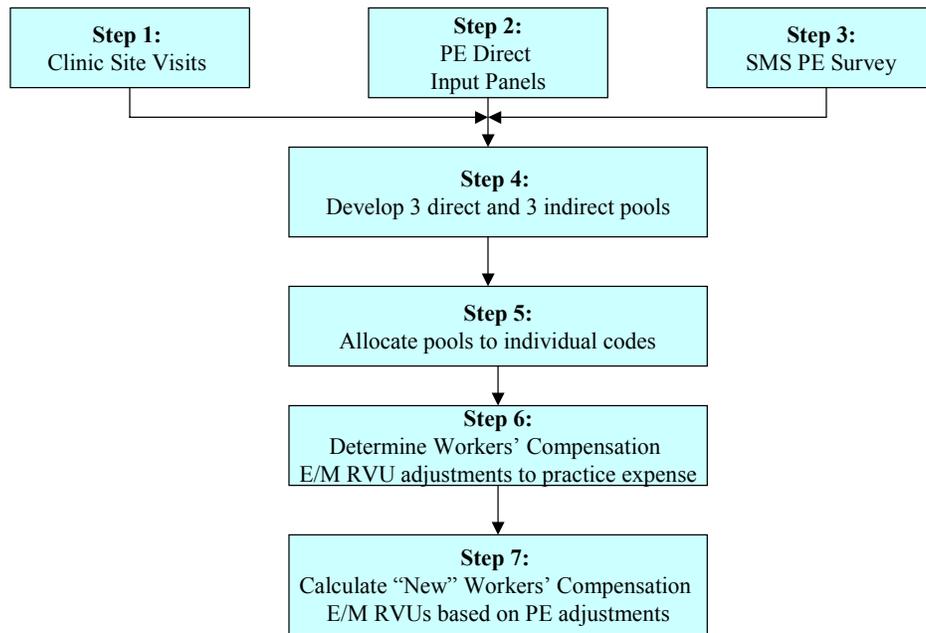
- ◆ Practice expenses are allocated to each procedure code:
 - Direct practice expenses are allocated using CPEP values
 - Indirect practice expenses are allocated using direct costs and physician work values

- ◆ Practice expense relative value units are based on the sum of allocated direct and indirect costs for each code

The Lewin Group has Extensive Experience with Practice Expense Measurement

- ◆ The Lewin Group pioneered many of the techniques used to measure practice expenses
- ◆ The Lewin Group is providing consultation to CMS (the country's largest health care payer) as it continues to refine the RBRVS
- ◆ The Lewin Group evaluates supplemental practice expense data submitted to CMS by specialty groups
- ◆ Our overall approach to the practice expense study is based on the CMS methodology outlined above

Methodology: E/M Practice Expense Study



Step 1: Conducted Site Visits to 4 Clinics

Purpose of Site Visits: To understand the activities that are carried out by non-physician clinical and administrative staff and to identify the equipment and supplies that are used in the delivery of E/M services to injured workers.

- Specialties visited: General Practice, Occupational Medicine, Chiropractic
- Learned about inputs used when providing E/M services to injured workers that resulted in additional practice expenses compared to other types of patients
- Provided input to structure of PE Direct Input Panels

Step 2: Practice Expense Direct Input Panels

Purpose of Direct Input Panels: To develop estimates of the direct inputs required to provide E/M services to workers' compensation patients relative to other types of patients, following the AMA's Practice Expense Advisory Committee protocol.

Practice Expense Direct Inputs include:

- ◆ Time spent by health care professional clinical staff providing clinical activities (clinical labor)
- ◆ Medical supplies used to perform the service, and
- ◆ Medical equipment used to perform the service

Step 2: PE Direct Input Panels (cont.)

- ◆ The Lewin Group convened 4 Direct Input Panels (2 in Los Angeles and 2 in San Francisco) made up of 27 physicians
- ◆ The physicians present at the panels represented the range of specialties that provide services to workers' compensation patients
- ◆ Three of the panels were made up of physicians that provide E/M services in office based settings
- ◆ The fourth panel was made up of physicians that provide E/M services in both hospital and office based settings
- ◆ Each Panel was asked to review 10 E/M codes
 - Overall, 18 E/M codes were evaluated
 - Codes evaluated were a subset of the Physician Work Study codes
 - Overlap between codes evaluated at each of the panels
 - Fourth panel evaluated a mix of office and hospital E/M codes

Step 2: PE Direct Input Panels (cont.)

Clinical Labor: Activities provided by health care professionals who are paid by your practice and who do not bill separately for medical services, such as RNs, LPN, and MAs, or other personnel employed in your practice. Administrative activities provided by clerical staff, medical secretaries or clinical staff are not clinical labor.

Panelists were asked to estimate the number of minutes spent on a list of clinical activities when providing E/M services to injured workers

Medical Supplies: Supplies purchased by your practice that are used when providing medical care.

Panelists were asked to estimate the medical supplies used when providing E/M services to injured workers

Medical Equipment: Equipment which your practice has purchased or leased with a purchase price of \$500 or more that is easily attributable to a particular service.

Panelists were asked to estimate the medical equipment used when providing E/M services to injured workers

Step 2: PE Direct Input Panels (cont.)

- ◆ Predicted total direct input costs (clinical labor, medical supplies, medical equipment) for workers' compensation patients for all E/M codes based on a median regression analysis

Step 3: Total Practice Expense Survey

Purpose of Total Practice Expense Survey: To develop estimates of total practice expenses (i.e., practice expense pools) which can be allocated to the procedure code level.

- ◆ Data on total practice expenses were collected through a telephone survey based on a random sample of practices in California that treat injured workers. We received 70 responses.
- ◆ Practice expenses (2001) for each of the six study cost categories were collected from each surveyed practice.

Output: Specialty weighted PE/hour for each of six cost categories

Step 4: Develop Direct and Indirect Pools

- ◆ Calculated direct and indirect practice expense pools based on specialty weighted practice expense per hour:

- Practice Expense Pool = PE/hour X Total hours treating California's injured workers



SMS PE Survey

- Total hours = Sum across codes of (frequency of code X hours/code)



CWCI Data



CMS

Total Practice Expense Survey: Sample

- ◆ Selected a random sample of physicians based on lists of workers' compensation providers in California
- ◆ Attempted to contact 1200 physicians

Specialty	#	%
Chiropractic	320	26.7%
Other Specialties	252	21.0%
Orthopedic Surgery	196	16.3%
General Practice/Family Practice/Occ Med	162	13.5%
Neurology & Neurological Surgery	70	5.8%
Psychology	55	4.6%
Psychiatry	46	3.8%
Emergency Medicine	30	2.5%
Podiatry	27	2.3%
Optometry & Ophthalmology	21	1.8%
Acupuncture	11	0.9%
Dentistry	10	0.8%
Total	1200	100.0%

The category Other Specialties included Anesthesiology, Cardiology, Dermatology, General Surgery, Pain Management, Pathology, Physical Medicine and Rehabilitation, Plastic Surgery, Radiology, and Urology.

Total Practice Expense Survey Results: Respondent Characteristics

Specialty	# of Practices	Total # of Physicians Represented
Primary Care ^{a/}	8	16
Chiropractic	36	43
Orthopedic Surgery	3	5
Psychology	11	17
Large Clinic Network	1	188
Other Specialties ^{b/}	11	19
Total	70	288
<p>a/ Primary care includes Family Practice, Internal Medicine, Occupational Medicine, and Industrial Medicine.</p> <p>b/ The category Other Specialties includes Acupuncture, Dentistry, Podiatry, Neurology, Anesthesiology, Neurosurgery, Pain Management, Ophthalmology, Ear, Nose and Throat, Physical Therapy, and Multi-specialty.</p>		

Step 5: Allocate Pools to Individual Codes

- ◆ Direct practice expenses are allocated using direct input costs from our direct input panels

- ◆ Indirect practice expenses are allocated using direct costs and physician work values
 - Direct costs are based on those costs obtained from our direct input panels
 - We used physician work values obtained from the Physician Work Study

Step 6: Determine Workers' Compensation E/M RVU Adjustments to Practice Expense

- ◆ Calculated the ratio of workers' compensation practice expenses to non-workers' compensation practice expenses on a code by code basis
- ◆ While the direct input costs increased by roughly 79% on average, the overall average increase in allocated direct and allocated indirect **practice expenses** for E/M services was 33%.
- ◆ The reason for this difference are primarily due to the indirect allocation method used by CMS, which relies largely on physician work.

Step 7: Calculate New Practice Expense RVUs for E/M Codes

- ◆ Multiplied the ratio from Step 6 by the RBRVS PE RVU to calculate new workers' compensation E/M Practice Expense RVUs on a code by code basis

Financial Impact of Adjusting Work and PE RVUs for E/M Codes

Category	paid OMFS (A)	Budget Neutral RBRVS ^a (B)	Percent Difference (B-A)/A	Work and PE Adjusted RBRVS ^a (C)	Percent Difference (C-B)/B
E&M	\$40,935,969	\$50,316,807	23%	\$64,575,843	28% ^b
Total	\$215,577,690	\$215,577,690	0%	\$229,856,601	7%

a/ RBRVS payments based on \$44.73 conversion factor

b/ This change in payments for E/M services reflects the impact of both the work and practice expense changes

Impact of Work and Practice Expense Studies for Selected Specialties

Specialty	paid OMFS (A)	Budget Neutral RBRVS (B)	Impact relative to BN RBRVS (B-A)/A	Work and PE Adjusted RBRVS (C)	Impact relative to Adj RBRVS (C-B)/B	Impact of Adj RBRVS relative to Paid OMFS (C-A)/A
CLINICS, GROUPS, ASSOCIATIONS	\$ 48,092,856	\$ 49,858,899	3.7%	\$ 54,570,433	9.4%	13.5%
GENERAL PRACTICE	\$ 25,590,462	\$ 24,839,729	-2.9%	\$ 27,412,456	10.4%	7.1%
CHIROPRACTORS	\$ 25,131,738	\$ 24,339,480	-3.2%	\$ 24,954,267	2.5%	-0.7%
ORTHOPEDIC SURGERY	\$ 16,679,373	\$ 15,825,189	-5.1%	\$ 17,394,793	9.9%	4.3%
HOSPITALS (NURSING HOMES/CONVALESCENCE)	\$ 14,208,676	\$ 14,513,390	2.1%	\$ 15,584,807	7.4%	9.7%
PHYSIOTHERAPISTS	\$ 13,435,777	\$ 13,283,079	-1.1%	\$ 13,329,305	0.3%	-0.8%
RADIOLOGY X-RAYS	\$ 10,765,802	\$ 10,811,924	0.4%	\$ 10,862,265	0.5%	0.9%
PHYSICAL MEDICINE AND REHAB	\$ 6,747,566	\$ 6,893,505	2.2%	\$ 7,006,925	1.6%	3.8%
ANESTHESIOLOGY	\$ 6,828,515	\$ 6,656,046	-2.5%	\$ 6,690,146	0.5%	-2.0%
PSYCHOLOGISTS	\$ 2,963,704	\$ 3,593,458	21.2%	\$ 3,672,879	2.2%	23.9%
OCCUPATIONAL MEDICINE	\$ 2,195,562	\$ 2,343,926	6.8%	\$ 2,633,192	12.3%	19.9%

Key Findings

- ◆ Payments for E/M service are 19% of total physician payments under OMFS and would be 23% under a budget neutral RBRVS
- ◆ Payments for E/M services rise by 28% relative to a budget-neutral RBRVS as a result of the E/M studies
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Discussion
