

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services



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Medicare Physician Fee Schedule

PAYMENT SYSTEM SERIES



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Please note: The information in this publication applies only to the Medicare Fee-For-Service Program (also known as Original Medicare).

The Hyperlink Table, at the end of this document, provides the complete URL for each hyperlink.

Learn about these Medicare Physician Fee Schedule (PFS) topics:

- ❖ Physician services
- ❖ Medicare PFS payment rates
- ❖ Quality Payment Program (QPP)
- ❖ Resources

Physician Services

Medicare Part B pays for physician services based on the Medicare PFS, which lists the more than 7,000 unique codes and their payment rates.

Physicians' services include:

- ❖ Office visits
- ❖ Surgical procedures
- ❖ Anesthesia services
- ❖ A range of other diagnostic and therapeutic services

Physicians' services are furnished in all settings, including:

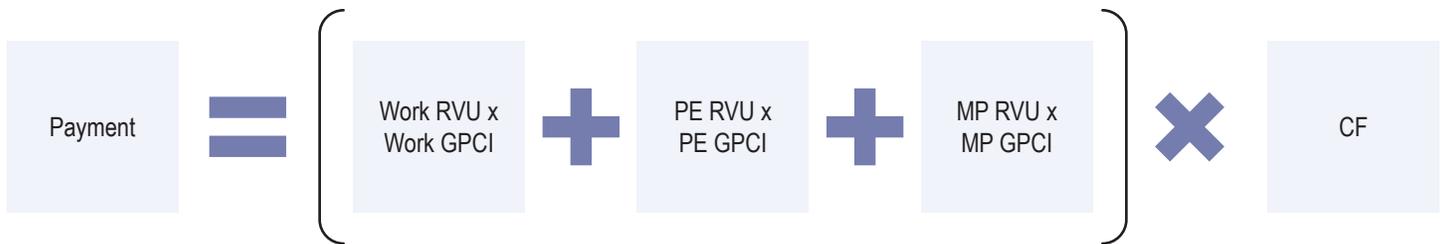
- ❖ Physicians' offices
- ❖ Hospitals
- ❖ Ambulatory Surgical Centers
- ❖ Skilled Nursing Facilities and other post-acute care settings
- ❖ Hospices
- ❖ Outpatient dialysis facilities
- ❖ Clinical laboratories
- ❖ Beneficiaries' homes

Medicare PFS Payment Rates

The Medicare PFS payment rates formula shows how a payment rate for an individual service is determined, and we provide a description for each component below the formula.



Medicare PFS Payment Rates Formula



1) Relative Value Units (RVUs)

Three separate RVUs are associated with calculating a payment under the Medicare PFS:

- ❖ **The Work RVU** reflects the relative time and intensity associated with furnishing a Medicare PFS service
- ❖ **The Practice Expense (PE) RVU** reflects the costs of maintaining a practice (such as renting office space, buying supplies and equipment, and staff costs)
- ❖ **The Malpractice (MP) RVU** reflects the costs of malpractice insurance

2) Geographic Practice Cost Indices (GPCIs)

Each of the three RVUs are adjusted to account for geographic variations in the costs of practicing medicine in different areas within the country. These adjustments are called GPCIs, and each kind of RVU component has a corresponding GPCI adjustment.

3) Conversion Factor (CF)

To determine the payment rate for a particular service, the sum of the geographically adjusted RVUs is multiplied by a CF in dollars. The statute specifies the formula by which the CF is updated on an annual basis.

You can use the [Physician Fee Schedule Search Tool](#) to obtain national and local payment rates. For information on how to use the Physician Fee Schedule Search Tool, refer to [How to Use the Searchable Medicare Physician Fee Schedule](#).

QPP

Effective January 1, 2017, the Medicare Access and CHIP Reauthorization Act of 2015 repealed the previous formula to update the Medicare PFS and replaced it with several years of increases to overall payments for PFS services. In conjunction with that change, the law created the QPP, which rewards the delivery of high-quality and cost-efficient patient care.

You may choose from these tracks:

- ❖ Advanced Alternative Payment Models to earn an incentive payment for participation.
- ❖ The Merit-based Incentive Payment System to earn a performance-based adjustment to your Medicare payment. It consolidates the components of the Physician Quality Reporting System, Physician Value-based Payment Modifier, and Medicare Electronic Health Record Incentive Program for Eligible Professionals.



Resources

This table provides Medicare PFS resource information.

Medicare PFS Resources

For More Information About...	Resource
Medicare PFS	CMS.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched Chapter 12, Section 20 of the Medicare Claims Processing Manual (Publication 100-04)
Medicare PFS Proposed and Final Rules	CMS.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/PFS-Federal-Regulation-Notices.html
QPP	QPP.cms.gov
All Available Medicare Learning Network® (MLN) Products	MLN Catalog
Provider-Specific Medicare Information	MLN Guided Pathways: Provider Specific Medicare Resources
Medicare Information for Patients	Medicare.gov

Hyperlink Table

Embedded Hyperlink	Complete URL
Physician Fee Schedule Search Tool	https://www.cms.gov/apps/physician-fee-schedule/overview.aspx
How to Use the Searchable Medicare Physician Fee Schedule	https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/How_to_MPFS_Booklet_ICN901344.pdf
Chapter 12, Section 20 of the Medicare Claims Processing Manual (Publication 100-04)	https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c12.pdf
MLN Catalog	https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/MLNCatalog.pdf
MLN Guided Pathways: Provider Specific Medicare Resources	https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNEdWebGuide/Downloads/Guided_Pathways_Provider_Specific_booklet.pdf



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