

Note to the Public regarding the County Data File for CY 2014

CMS issued the calendar year (CY) 2014 Physician Fee Schedule (PFS) final rule in November of 2013. This rule addresses the 7th update to the Medicare Geographic Practice Cost Indices (GPCI) in accordance with section 1848 (e) of the Social Security Act.

We adjust PFS payments geographically to reflect relative differences among costs in the 89 established PFS localities. We have provided the “work,” “practice expense,” and “malpractice” GPCIs to the public based on the locality configurations. As part of CMS' ongoing commitment to transparency, we are posting the county-level GPCI file that we used to develop the final GPCIs for the seventh update. This file will allow interested parties to further examine and replicate our GPCI methodology.

This file includes county-level GPCI values, employee wage, rent, and purchased services index information for the practice expense GPCI and the corresponding relative value unit (RVU) information utilized in GPCI locality calculations. In addition, we are providing technical guidance on the contents of the data file.

These additional data are for informational purposes only so that interested parties can have a better understanding of the data that underpin their locality GPCI values. We note that the provision of these data should not be interpreted to reflect any opinion by CMS or the Administration regarding the establishment of GPCIs at the county or any alternative locality configuration. We further note that it was necessary to impute some of these data to the counties since they were derived from data specific to larger geographic areas. The provision of these data should not be interpreted to reflect any views about the adequacy or administrative feasibility of using such data to establish GPCIs at the county or alternative locality level.

This file is entitled *CY 2014 Final Rule GPCI County Data File* and can be found in the “**Downloads**” section below.

Read Me File for CY 2014 Final Rule County Data File

A. Fields in the County Data File

Column Label	Description
FIPS	County code number
CntyName	County name
StateAb	State abbreviation
Medicare_Locality	Name of the Medicare locality
Physician_Work_GPCI	Physician work GPCI before budget neutralization
Employee_Wage_Index	Employee wage index component of the practice expense GPCI
Office_Rent_Index	Office rent index component of the practice expense GPCI
Purchased_Srvs_Index	Purchased services index component of the practice expense GPCI
Practice_Expense_GPCI	Practice expense GPCI before budget neutralization
Malpractice_Insurance_GPCI	Malpractice insurance GPCI before budget neutralization
Physician_Work_RVU	Physician work RVUs used to weight from counties to localities
Practice_Expense_RVU	Practice expense RVUs used to weight from counties to localities
Malpractice_Insurance_RVU	Malpractice RVUs used to weight from counties to localities

B. Steps to Derive Locality GPCIs from County Values

- 1.) Create an RVU-weighted average of the GPCI values for the counties in the locality. For example, the physician work GPCI for locality L is calculated as:

$$GPCI_{PW,L} = \frac{\sum_{C \in L} (Physician_Work_RVU * Physician_Work_GPCI)}{\sum_{C \in L} (Physician_Work_RVU)}$$

The equations are parallel for the practice expense and malpractice GPCIs. In Excel, the numerator can be easily calculated using the sumproduct function. For example, the formula for the physician work GPCI for Alabama would be

$$=SUMPRODUCT(E2:E66,K2:K66)/SUM(K2:K66)$$

2.) Apply budget neutralization and rounding.

Three levels of budget neutralization are applied to raw GPCI locality numbers. After each, the resulting values are rounded.

- a. The first budget neutralization uses the RVUs in the county file to make the calculated GPCIs budget neutral compared to the 2013 GPCI values. Each locality value is multiplied by the budget neutrality values below:

Component	Contractor Budget Neutrality Factor
Physician Work	0.9977731882
Practice Expense	1.0043153671
Malpractice Insurance	0.9959399492

- b. The resulting locality numbers are rounded to three decimal places. These are the values delivered by the contractor to CMS.
- c. The CMS Office of the Actuary (OACT) does a budget neutrality calculation on the numbers delivered for the proposed rule based on the most recent RVUs available at that time. The rounded values are therefore multiplied by OACT's budget neutrality factors.

Component	OACT Budget Neutrality Factor
Physician Work	1.0000
Practice Expense	0.9986
Malpractice Insurance	0.9941

- d. The resulting numbers are again rounded to three decimal places.

- e. The CMS OACT does an additional budget neutrality calculation for the final rule based on the most recent RVUs available at that time. The rounded values are therefore multiplied by OACT's budget neutrality factors.

Component	OACT Budget Neutrality Factor
Physician Work	1.00047
Practice Expense	1.00210
Malpractice Insurance	1.00626

- f. The final numbers are again rounded to three decimal places.
- 3.) Apply the 1.5 floor for physician work in Alaska (established by MIPAA) and the 1.0 floor for practice expense in the frontier states.