

## **Note to the Public regarding the County Data File for CY 2017**

CMS issued the calendar year (CY) 2017 Physician Fee Schedule (PFS) final rule in November of 2016. This rule addresses the 8<sup>th</sup> 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 112 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 eighth 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 2017 Final Rule GPCI County Data File\_CMS 1654-F* and can be found in the “**Downloads**” section below.

\*Section 220(h) of the Protecting Access to Medicare Act (PAMA) now requires, for services furnished on or after January 1, 2017, that the locality definitions for California be based on the Metropolitan Statistical Area (MSA) locality definitions as defined by the Office of Management and Budget (OMB). Additionally, for some of these localities, PAMA requires that the GPCI values that would be realized under the new MSA based locality structure are gradually phased in over a period of 6 years; PAMA also provides a hold-harmless for certain areas in California. Interested parties should refer to the section of the CY 2017 final rule that discusses GPCIs and specifically, “California Locality Update to the Fee Schedule Areas Used for Payment under Section 220(h) of the Protecting Access to Medicare Act” for more information regarding these new requirements for California.

## Read Me File for CY 2017 Final Rule County Data File

### A. Fields in the County Data File

| Column Label               | Description  |
|----------------------------|--|
| FIPS                       | County code number   |
| CntyName                   | County name  |
| State Ab                   | State abbreviation   |
| State                      | State Name   |
| 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_Srvc_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 GPICs 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 GPICs. 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.

Two 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:

| <b>Component</b>      | <b>Contractor<br/>Budget Neutrality<br/>Factor</b> |
|-----------------------|--|
| Physician Work        | 0.997729728  |
| Practice Expense      | 1.006949514  |
| Malpractice Insurance | 0.990449240  |

- b. The resulting locality numbers are rounded to three decimal places. These are the values delivered by the contractor to CMS.

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.