

Milliman GlobalRVUs



Will Fox, FSA, MAAA
 Ed Jhu, FSA, MAAA
 Charlie Mills, ASA, MAAA

WHAT ARE GLOBALRVUS?

GlobalRVUs are a relative value unit system covering the entire range of services, from hospital to physician, DME to lab, even Pharmacy. Use of Relative Value Units (“RVUs”) is a common practice with payment schedules. The RVUs define cost relativities between services enabling entire schedules to be easily compared. The most well-known examples of this are Medicare’s physician RBRVS and Medicare’s inpatient DRG weights. These RVU systems are limited though in that they focus on a particular type of provider, such as physician or inpatient hospital, and do not relate services for these providers to each other. GlobalRVUs solve this disconnect by providing an RVU system that covers all healthcare services.

GlobalRVUs permit different services to be combined for analysis and have a wide variety of applications, including:

- Evaluating claims experience. GlobalRVUs allow you to separate unit cost versus utilization efficiency).
- Analyzing provider contracts. GlobalRVUs allow for unit cost aggregation of hospital and physician services).
- Developing episodes of care and bundled payments. GlobalRVUs allow the user to understand and remove the unit cost biases in the experience data.
- Setting and analyzing global risk targets, particularly across multiple provider organizations with differing contract structures, such as accountable care organizations. GlobalRVUs can be used to analyze opportunities for improvement—for example, identifying high-cost specialists or hospitals in the experience data.

Allowed dollar claims data can be normalized with GlobalRVUs to put the services on a common basis permitting this range of analyses. If charges are not available, GlobalRVUs can still be used as a proxy for charge levels, allowing for different types of utilization efficiency analyses (e.g., episodes and PMPM) and case mix studies.

An added advantage of GlobalRVUs in utilization analyses is that, since potentially confidential average charges are not being used, results can be released externally without breaching confidentiality provisions. The RVUs have taken the place of the allowed charges, thus removing the limitations that might be placed on distributing the analysis.

ABOUT GLOBALRVUS

GlobalRVUs consist of three separate components:

- **Medicare physician RVUs.** Physician claims are assigned GlobalRVUs based on Medicare’s fee schedules, including DME, Lab, Ambulance and Anesthesia. For services paid using Medicare’s RBRVS RVUs for physicians, the GlobalRVUs are equal to Medicare’s RVUs. The Global RVU adjudication process reflects Medicare’s claim adjudication rules to adjust the assigned RVUs for modifiers, multiple procedure discounting, and bundling.
- **RBRVS for Hospitals™.** RBRVS for Hospitals is a proprietary Milliman product that contains an RVU schedule for hospitals that is consistent with Medicare’s physician RVU schedule. A more detailed description of RBRVS for Hospitals is available on the Milliman website.¹
- **Prescription drug RVUs.** Prescription drug RVUs are developed based upon average wholesale price (AWP) information. AWP is assigned to each claim by NDC, adjusted for discounts, dispensing fees and anticipated rebates, then converted to an RVU that is consistent with Medicare’s physician RVUs and the RBRVS for Hospitals RVUs.

USING GLOBALRVUS

Once unit values are assigned to services, conversion factors are calculated by dividing total dollars by the unit values. This can be done by individual procedure or aggregated at any level, even in total across all services.

TABLE A: CALCULATING A CONVERSION FACTOR

	ALLOWED CHARGES	GLOBAL RVUS
INPATIENT SERVICES		
APR 047-1	\$6,000	113.014
OUTPATIENT SERVICES		
82441	\$20	0.237
74150	\$425	5.709
PROFESSIONAL SERVICES		
99213	\$92	2.030
PRESCRIPTION DRUGS		
1659061830	\$62	1.771
TOTAL	\$6,599	122.761
CONVERSION FACTOR		\$53.75
<i>(ALLOWED CHARGES / RVUS)</i>		

1. <http://www.milliman.com/expertise/healthcare/products-tools/rbrvs/pdfs/milliman-rbrvs-for-hospitals.pdf>

Once conversion factors are calculated, they can be compared and analyzed. Due to the multiple applications of GlobalRVUs, a variety of analyses may be performed. Two examples are provided:

TABLE B BENCHMARKING PROVIDER CONTRACTS BY CARRIER

For this example, different types of provider contracts (inpatient, outpatient, and physician) are evaluated for multiple carriers and benchmarked to a base contract. Using GlobalRVUs, average conversion factors are calculated for inpatient, outpatient, and physician services, and can be combined for an overall comparison between carriers. The GlobalRVUs provide a case-mix adjustment across contracts with different service mixes without requiring claims under one contract to be repriced under a different contract.

TABLE C COMPARISON OF DELIVERY SYSTEMS

For this example, the claims experience for six provider groups is normalized with the GlobalRVUs to isolate the unit cost and utilization differences. Conversion factors are calculated as the average allowed charge per RVU. These conversion factors are then benchmarked relative to the area average, thus showing the unit price difference between groups. When this relativity is divided out of the starting allowed PMPM, the adjusted allowed PMPM between groups

represents differences in resource utilization. This is shown in the last column benchmarked relative to the area average. Note that the utilization efficiency can also be derived directly from the PMPM RVUs if no allowed charge information is available.

IMPLEMENTING GLOBALRVUS

The GlobalRVUs can be attached to any data set easily using Milliman software. In addition to an interface to run the RVU assignment software, we provide a series of reports, available through Microsoft Excel, that allow you to review the quality of the data input, ensure that the RVUs have been properly assigned, and review the results of the RVU assignments.

Will Fox, FSA, MAAA, is a principal and consulting actuary with the Seattle office of Milliman. Contact him at will.fox@milliman.com.

Ed Jhu, FSA, MAAA, is a consulting actuary with the Seattle office of Milliman. Contact him at ed.jhu@milliman.com.

Charlie Mills, ASA, MAAA, is an associate actuary with the Seattle office of Milliman. Contact him at charlie.mills@milliman.com.

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TYPE OF SERVICE	BASE	CARRIER 1		CARRIER 2	
	CONVERSION FACTOR	CONVERSION FACTOR	RELATIVE TO BASE	CONVERSION FACTOR	RELATIVE TO BASE
FACILITY INPATIENT	\$62.40	\$65.58	1.05	\$66.58	1.07
FACILITY OUTPATIENT	\$64.09	\$64.23	1.00	\$68.23	1.06
PROFESSIONAL	\$55.96	\$57.25	1.02	\$62.07	1.11
TOTAL	\$60.09	\$61.52	1.02	\$65.10	1.08

TABLE C COMPARISON OF DELIVERY SYSTEMS

PRIMARY CARE GROUP	RISK-ADJUSTED PMPM ALLOWED	RELATIVE COST	PMPM RVUS	CONVERSION FACTOR	RELATIVE UNIT PRICE	UTILIZATION EFFICIENCY
AREA AVERAGE	\$373.70	1.000	6.175	\$60.52	1.000	1.000
GROUP A	\$344.38	0.922	6.196	\$55.58	0.918	1.004
GROUP B	\$421.67	1.128	6.447	\$65.41	1.081	1.044
GROUP C	\$344.95	0.923	5.902	\$58.45	0.966	0.956
GROUP D	\$371.92	0.995	6.042	\$61.56	1.017	0.979
GROUP E	\$366.31	0.980	5.908	\$62.00	1.024	0.957
GROUP F	\$393.11	1.052	6.439	\$61.05	1.009	1.043