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RBRVS overview

The resource-based relative value scale (RBRVS) is the physician payment system used by the Centers for Medicare & Medicaid Services (CMS) and most other payers. The RBRVS is based on the principle that payments for physician services should vary with the resource costs for providing those services and is intended to improve and stabilize the payment system while providing physicians an avenue to continuously improve it.

Since the introduction of the RBRVS, the AMA has worked with national medical specialty societies to provide recommended updates and changes directly to CMS. The vehicle for this influence is the AMA/Specialty Society RVS Update Committee (RUC), which provides relative value recommendations to CMS annually.

In 1992, Medicare significantly changed the way it pays for physician services. Instead of basing payments on charges, the federal government established a standardized physician payment schedule based on RBRVS.

In this system, payments are determined by the resource costs needed to provide them, with each service divided into three components:

- Physician work
- Practice expense
- Professional liability insurance (PLI)

Payments are calculated by multiplying the combined costs of a service times a conversion factor (a monetary amount determined by CMS) and adjusting for geographical differences in resource costs.

Annual updates to the physician work, practice expense and professional liability insurance relative values are based on recommendations from the AMA/Specialty Society Relative Value Scale Update Committee (RUC), which was formed in 1991 to make recommendations to CMS on the relative values to be assigned to new or revised codes in the Current Procedural Terminology (CPT®) code book. The relative values in the RBRVS were originally developed to correspond to the approximately 10,000 CPT procedure codes. The RBRVS is updated annually to reflect new and revised CPT codes.

Physician work component

The physician work component accounts for an average of 51% of the total relative

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