

Work book for fee schedule adjustments. Example

Code selected 22851 Insertion of interbody spinal device

Existing fee in both Geozips \$2,860.32

Convert to Medicare Relative value units based fee schedule, eliminating any charges above this schedule, but preserving those lower than the schedule.

Geozip 197	\$2185.32	Geozip 199	\$1,873.31	Savings	24%
------------	-----------	------------	------------	---------	-----

Fee schedule adjustment for service category Surgery

Geozip 197	\$1,748.26	Geozip 199	\$1,498.65	FS savings	20%
------------	------------	------------	------------	------------	-----

Total savings of 39% on this code

Frequency of occurrence

Geozip 197	59	Geozip 199	1
------------	----	------------	---

Savings per case multiplied times frequency results in savings for this code

Geozip 197	\$65,825	Geozip 199	\$1362
------------	----------	------------	--------

Then total dollars spent less the savings provides a calculated discount for this code

\$169,000 spent minus savings of \$67,000 results in 39% savings for this single code.

Then we do the same thing for other 8,000 codes in the fee schedule, as well as the thousands of HCPCS codes.

	Frequency of Service State	Totals Spent State	Conversion to Medicare RVU Savings State	Fee Schedule Reduction Savings State	Total % Savings State	Capped Amounts
Totals	264,829	20,931,660	18,807,955	15,847,944	24%	
Totals Reduced			2,123,704	5,083,716		
% of Current Total			10%	24%		
% of Medicare		248%	223%	188%		188%
% of PA		166%	149%	125%		125%
Surgery						
Totals	2,044	4,863,305	4,088,796	3,271,037	33%	
Totals Reduced			774,509	1,592,269		
% of Current Total			16%	33%		
% of PA		237%	200%	160%		160%
Pain Management						
Totals	1,922	1,312,322	1,230,034	984,027	25%	
Totals Reduced			82,288	328,295		
% of Current Total			6%	25%		
% of PA		303%	284%	227%		227%
Radiology						
Totals	6,026	2,415,504	1,980,217	1,386,152	43%	
Totals Reduced			435,287	1,029,352		
% of Current Total			18%	43%		
% of PA		142%	116%	81%		81%
Laboratory / Pathology						
Totals	8,259	961,345	955,345	573,207	40%	
Totals Reduced			6,000	388,138		
% of Current Total			1%	40%		
% of PA		313%	311%	186%		186%
Medicine						
Totals	4,845	310,243	223,412	189,900	39%	
Totals Reduced			86,831	120,342		
% of Current Total			28%	39%		
% of PA		287%	207%	176%		176%
Physical Medicine						
Totals	131,225	6,532,752	6,450,183	5,805,165	11%	
Totals Reduced			82,569	727,588		
% of Current Total			1%	11%		
% of PA		135%	134%	120%		120%
E&M						
Totals	23,656	2,993,194	2,825,803	2,825,803	6%	
Totals Reduced			167,391	167,391		
% of Current Total			6%	6%		
% of PA		132%	124%	124%		124%
HCPCS						
Totals	86,269	1,247,473	805,042	563,529	55%	
Totals Reduced			442,431	683,944		
% of Current Total			35%	55%		
% of PA		150%	97%	68%		68%

227%

186%

176%