Washington State Department of
Labor & Industries
Workers' Compensation Services

Payment Policies for Healthcare Services
Provided to Injured Workers and Crime Victims

Chapter 31: Washington RBRVS Payment System

Effective July 1, 2016

Link: Look for possible **updates and corrections** to these payment policies at:

www.Lni.wa.gov/ClaimsIns/Providers/Billing/FeeSched/2016/

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Definitions

- **Relative value units (RVUs):** Under the Centers for Medicare and Medicaid Services (CMS) approach, RVUs are assigned to each procedure based on the resources required to perform the procedure, comprised of:

  - The work,
  - Practice expense, *and*
  - Liability insurance (malpractice expense)

  A procedure with an RVU of 2 requires half the resources of a procedure with an RVU of 4.

  Links: A list of current RVUs can be accessed online at: www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/index.html?redirect=/physicianfeesched/or a copy published in the *Federal Register* can be purchased from the U.S. government in hard copy, microfiche, or disc formats. The *Federal Register* can be ordered from the following addresses:

  Superintendent of Documents
  PO Box 371954
  Pittsburgh, PA 15250-7954

  or

  http://bookstore.gpo.gov/.

- **Resource based relative value scale (RBRVS):** RBRVS is a prospective payment method used by many healthcare insurers to develop fee schedules for services and procedures provided by healthcare professionals. Each fee is based on the relative value of resources required to deliver a service or procedure.

  This chapter includes details on the RBRVS, which L&I uses to pay for most professional services. These services have a fee schedule indicator (FSI) of R in L&I's Professional Services Fee Schedule.

  Link: L&I's fee schedule is available at: www.feeschedules.Lni.wa.gov.

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Payment policy: Basis for calculating RBRVS payment levels

(See definitions of **RBRVS** and **RVUs** in Definitions at the beginning of this chapter.)

Payment methods

Fee development

RBRVS fee schedule **allowances** are based on:

- Relative value units (RVUs),
- Geographic adjustment factors for Washington State *and*
- A conversion factor

Geographic adjustment factors are used to correct for differences in the cost of operating in different states and metropolitan areas producing an adjusted RVU (see RVU geographic adjustments, below).

The **maximum fee for a procedure** is obtained by multiplying the adjusted RVUs by the conversion factor. The maximum fees are published as dollar values in the Professional Services Fee Schedule.

The **conversion factor** has the same value for all services priced according to the RBRVS. L&I may annually adjust the conversion factor.

Link: The conversion factor is published in WAC 296-20-135**,** and the process for adjusting the conversion factor is defined in WAC 296-20-132**.**

Note: Two state agencies, L&I and Health Care Authority (HCA), use a common set of RVUs and geographic adjustment factors for procedures, but use different conversion factors.

RVU geographic adjustments

The state agencies geographically adjust the RVUs for each of these components based on the costs for Washington State.

The Washington State geographic adjustment factors for July 1, 2016 are:

- 100.8% of the work component RVU,
- 105.7% of the practice expense RVU, *and*
- 48.1% of the malpractice RVU.

Calculation for maximum fees

To calculate the insurer's maximum fee for each procedure:

1. Multiply each RVU component by its geographic adjustment factor, *then*
2. Sum the geographically adjusted RVU components, rounding to the nearest hundredth, *then*
3. Multiply the rounded sum by L&I's RBRVS conversion factor, *and finally*
4. Round to the nearest penny.

Link: The conversion factor is published in WAC 296-20-135**.**

Site of service payment differential

Based on where the service was performed, the insurer will pay professional services at the RBRVS rates for:

- Facility settings (such as hospitals and ASCs), *and*
- Non-facility settings.

The site of service payment differential is based on CMS's payment policy.

Link: The maximum fees for facility and non-facility settings are published in the Professional Services Fee Schedule, available at: www.feeschedules.Lni.wa.gov.

Requirements for billing

Due to the site of service payment differential (see above), it is important to include a valid 2 digit place of service code on your bill.

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Payment policy: Facility setting services paid at the RBRVS rate

Payment methods

When services are performed in a facility setting, the insurer makes 2 payments:

- One to the professional provider, *and*
- One to the facility.

The payment to the facility includes resource costs such as:

- Labor,
- Medical supplies, *and*
- Medical equipment.

Note: To avoid duplicate payment of resource costs, these costs are excluded from the RBRVS rates for professional services in facility settings.

Requirements for billing

Remember to include a valid 2 digit place of service code on your bill. Bills without a place of service code will be processed at the RBRVS rate for facility settings, which could result in lower payment.

Professional services billed with the following place of service codes will be paid at the rate for **facility settings**:

If the **place of service description** is:	Then bill using this **2 digit place of service code:**
Ambulance (air or water)	42
Ambulance (land)	41
Ambulatory surgery center	24
Birthing center	25
Comprehensive inpatient rehabilitation facility	61
Comprehensive outpatient rehabilitation facility	62

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If the **place of service description** is:	Then bill using this **2 digit place of service code:**
Emergency room hospital	23
Hospice	34
Indian health service free standing facility	05
Indian health service provider based facility	06
Inpatient hospital	21
Inpatient psychiatric facility	51
Military treatment facility	26
Outpatient hospital	22
Psychiatric facility partial hospitalization	52
Psychiatric residential treatment center	56
Skilled nursing facility	31
Tribal 638 free standing facility	07
Tribal 638 provider based facility	08
Other unlisted facility	99
(Place of service code not supplied)	(none)

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Payment policy: Non-facility setting services paid at the RBRVS rate

Payment methods

When services are provided in non-facility settings, the professional provider typically bears the costs of:

- Labor,
- Medical supplies, *and*
- Medical equipment

These costs are included in the RBRVS rate for non-facility settings.

Professional services will be paid at the RBRVS rate for non-facility settings when the insurer doesn't make a separate payment to a facility.

When the insurer doesn't make a separate payment directly to the provider of the professional service, the facility will be paid for the service at the RBRVS rate for non-facility settings.

Requirements for billing

Remember to include a valid 2 digit place of service code on your bill.

Note: Bills without a place of service code will be processed at the RBRVS rate for facility settings, which could result in lower payment.

Professional services billed with the following place of service codes will be paid at the rate for **non-facility settings**:

If the **place of service description** is:	Then bill using this **2 digit place of service code:**
Assisted living facility	13
Community mental health center	53
Correctional facility	09
Custodial care facility	33

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If the **place of service description** is:	Then bill using this **2 digit place of service code:**
End stage renal disease treatment facility	65
Federally qualified health center	50
Group home	14
Home	12
Homeless shelter	04
Independent clinic	49
Independent laboratory	81
Intermediate care facility/mentally retarded	54
Mass immunization center	60
Mobile unit	15
Nonresidential substance abuse treatment center	57
Nursing facility	32
Office	11
Pharmacy	01
Residential substance abuse treatment center	55
Rural health clinic	72
School	03
State or local public health clinic	71
Temporary lodging	16
Urgent care facility	20
Walk in retail health clinic	17

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Links: Related topics

If you're looking for more information about…	Then go here:
Administrative rules for the conversion factor	Washington Administrative Code (WAC) 296-20-132: http://apps.leg.wa.gov/wac/default.aspx?cite=296-20-132 WAC 296-20-135: http://apps.leg.wa.gov/wac/default.aspx?cite=296-20-135
Becoming an L&I provider	L&I's website: www.Lni.wa.gov/ClaimsIns/Providers/Becoming/
Billing instructions and forms	Chapter 2: Information for All Providers
Fee schedules for all healthcare professional services	L&I's website: www.feeschedules.Lni.wa.gov
A list of the current RVUs used in calculating the insurer's conversion factor	https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched/index.html

Need more help? Call L&I's Provider Hotline at **1-800-848-0811**

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