

# Relative value units useful in evaluating practice finances

March 7 2014

---



(HealthDay)—The Relative Value Unit (RVU) is a useful tool for managing practice finances, according to an article published Feb. 25 in *Medical Economics*.

Jeffrey Bendix, a senior editor at *Medical Economics*, writes that RVUs are used by Medicare to decide how much it will reimburse physicians for each of the 9,000-plus services and procedures covered under its Physician Fee Schedule. Given that RVUs are a "kind of national standard," physicians should be familiar with them. RVUs, experts say, are a useful way of comparing how well payers reimburse for the same service or procedure. Additionally, providers' productivity-per RVU relative to one another in the practice can be measured.

Additionally, Bendix says, RVUs can aid in determining how much to compensate [physicians](#) in group practices, either through measuring

productivity or through a strategy that pays each physician a salary plus a bonus tied to the number of work RVUs generated over a base number. With large hospital systems using RVUs to set physician compensation and bonuses, practices with RVU knowledge can assess whether these goals are realistic for them to attain.

"From a practice management perspective, understanding RVUs is important because 'they are the language the payers speak when contracting with practices, and for reimbursing doctors for the work they do,'" said Jeffrey Milburn, an independent national practice consultant with the Medical Group Management Association, according to the *Medical Economics* article.

**More information:** [More Information](#)

Copyright © 2014 [HealthDay](#). All rights reserved.

Citation: Relative value units useful in evaluating practice finances (2014, March 7) retrieved 26 April 2024 from <https://medicalxpress.com/news/2014-03-relative.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--