

Note to the Public Regarding the County Data File for CY 2020

CMS issued the calendar year (CY) 2020 Physician Fee Schedule (PFS) proposed rule in June of 2019. This rule addresses the 9th update to the Medicare Geographic Practice Cost Indices (GPCI) in accordance with section 1848 (e) of the Social Security Act.

We adjust PFS payments geographically to reflect relative differences among costs in the 112 established PFS localities. We have provided the “work,” “practice expense,” and “malpractice” GPICs to the public based on the locality configurations. As part of CMS' ongoing commitment to transparency, we are posting the county-level data that we used to develop the final GPICs for the ninth update. This file will allow interested parties to further examine and replicate our GPCI methodology.*

This file includes county-level professional wage index for the work GPCI, employee wage, rent, and purchased services index information for the practice expense GPCI, and the malpractice index underlying the malpractice GPCI, along with the corresponding relative value unit (RVU) information used to create the locality-level GPICs. In addition, we are providing technical guidance on the contents of the data file.

These additional data are for informational purposes only so that interested parties can have a better understanding of the data that underpin their locality GPCI values. We note that the provision of these data should not be interpreted to reflect any opinion by CMS or the Administration regarding the establishment of GPICs at the county or any alternative locality configuration. We further note that it was necessary to impute some of these data to the counties since they were derived from data specific to larger geographic areas. The provision of these data should not be interpreted to reflect any views about the adequacy or administrative feasibility of using such data to establish GPICs at the county or alternative locality level.

This file is entitled *CY 2020 Proposed Rule GPCI County Data File* and can be found in the “**Downloads**” section below.

*Section 220(h) of the Protecting Access to Medicare Act (PAMA) now requires, for services furnished on or after January 1, 2017, that the locality definitions for California be based on the Metropolitan Statistical Area (MSA) locality definitions as defined by the Office of Management and Budget (OMB). Additionally, for some of these localities, PAMA requires that the GPCI values that would be realized under the new MSA based locality structure are gradually phased in over a period of 6 years; PAMA also provides a hold-harmless for certain areas in California. Interested parties should refer to the section of the CY 2017 proposed rule that discusses GPICs and specifically, “California Locality Update to the Fee Schedule Areas Used for Payment under Section 220(h) of the Protecting Access to Medicare Act” for more information regarding these new requirements for California.

Read Me File for CY 2020 Proposed Rule County Data File

A. Fields in the County Data File

Column Label	Description
FIPS State/County Code	County code number
County Name	County name
State Abbrev.	State abbreviation
Medicare Locality Name	Name of the Medicare locality
Professional Wage Index	County-level professional wage index before budget neutralization
Employee Wage Index	County-level employee wage index component of the county-level practice expense index
Office Rent Index	County-level office rent index component of the county-level practice expense index
Purchased Services Index	County-level purchased services index component of the county-level practice expense index
Practice Expense Index	County-level practice expense index before budget neutralization
Malpractice Insurance Index	County-level malpractice insurance index before budget neutralization
% of National Total Physician Work RVUs	Physician work RVU percentage used to weight from counties to localities
% of National Total Practice Expense RVUs	Practice expense RVU percentage used to weight from counties to localities
% of National Total Malpractice Insurance RVUs	Malpractice RVU percentage used to weight from counties to localities

B. Steps to Derive Locality GPCIs from County Values

- 1.) Create an RVU-weighted average of the GPCI values for the counties in the locality. For example, the physician work GPCI for locality L is calculated as:

$$GPCI_{PW,L} = \frac{\sum_{C \in L} (Physician_Work_RVU_pct * Professional_Wage_Index)}{\sum_{C \in L} (Physician_Work_RVU_pct)}$$

The equations are parallel for the practice expense and malpractice GPCIs. In Excel, the numerator can be easily calculated using the sumproduct function. For example, the formula for the physician work GPCI for Alabama would be

$$=SUMPRODUCT(E2:E68,K2:K68)/SUM(K2:K68)$$

2.) Create budget-neutral, rounded values.

- a. Use the RVUs in the county file as weights to make the calculated GPCIs budget neutral compared to the 2019 GPCI values. Each locality value is multiplied by the budget neutrality values below:

Component	Contractor Budget Neutrality Factor
Physician Work	1.000306505
Practice Expense	1.032427128
Malpractice Insurance	0.987050157

- b. The resulting locality numbers are rounded to three decimal places. These are the budget-neutral values delivered by the contractor to CMS.

3.) Apply the 1.5 floor for physician work in Alaska (established by MIPAA), the 1.0 floor for practice expense in the frontier states, and the process for transitioning payments for select California localities (as outlined in Section 220(h) of PAMA of 2014). These are the final payment GPCI values delivered by the contract to CMS.