Fee Schedules

SUE BUTLER, CPC, CPB, CIMC
LEAD ADJUNCT FACULTY
LANSING COMMUNITY COLLEGE
AAPC APPROVED INSTRUCTOR
OCTOBER 16, 2025

Disclaimer

This material is designed to offer basic information on fee schedules. The information presented here is based on the experience, training, and interpretation of the author. Although the information has been carefully researched and checked for accuracy and completeness, the speaker does not accept any responsibility or liability regarding errors, omissions, misuse, or misinterpretation. This handout is intended as an educational guide and should not be considered a legal/consulting opinion.

What Is a Fee Schedule

- A medical fee schedule defines the anticipated charges for medical services and procedures.
- A medical fee schedule details the prices a healthcare provider sets for various services. This includes routine office visits, diagnostic tests, complex surgical procedures, and emergency treatments. Each service is identified by a standardized code, such as CPT or HCPCS codes. These codes provide a universal language for describing medical services, ensuring clear communication in billing and reimbursement.
- The fee schedule represents the maximum amount a provider charges for a service before adjustments or negotiations. It acts as a baseline for pricing, reflecting the provider's initial charge. While it lists the provider's standard charges, the actual amount paid by insurers or patients may differ due to factors like negotiated contracts and patient benefit plans.

Developing Medical Fee Schedules

- Creating and maintaining medical fee schedules involves considering multiple factors. Factors include:
  - Actual cost of providing services, including direct expenses like medical supplies and staff salaries, and indirect overhead such as administrative costs.
  - Market rates also influence fee schedule development, reflecting what other providers in the same geographic area charge for similar services. This often involves analyzing “Usual, Customary, and Reasonable” (UCR) rates, which represent typical charges within a community.
  - Payer contracts are another element, as insurance companies negotiate their own fee schedules with providers. These negotiated rates are often lower than the provider’s initial listed fees.

Developing Medical Fee Schedules

- Government programs significantly impact fee schedule development, particularly Medicare's Physician Fee Schedule (MPFS). This schedule is based on the Resource-Based Relative Value Scale (RBRVS), which assigns values to services based on the resources required to provide them. These values are converted into dollar amounts and adjusted for geographic cost differences. While Medicare rates serve as a benchmark, other payers, including state Medicaid programs and private insurers, often use them as a reference point. Fee schedules are not static; they undergo regular review and updates, typically at least annually, to reflect changes in medical practice, technology, economic conditions, and regulatory guidelines.
  - Medicare's conversion factor January 1, 2024 – March 8, 2024, the MPFS conversion factor is $32.7442. For claims with dates-of-service of March 9, 2024 – December 31, 2025, the MPFS conversion factor is $33.2875.
  - For the calendar year 2025, the Medicare conversion factor will decrease for the fifth consecutive year, dropping approximately 2.83 percent, from $33.2875 to $32.3465.

Benchmarks for Determining Fee Schedules

Fee schedules set the full price for services before any discounts, insurance adjustments, or sliding fee scale tiers are applied. They must be defensible, consistent, and compliant with payer and regulatory standards.

Medicare Physician Fee Schedule (MPFS)	Most common benchmark for outpatient services Based on **Relative Value Units (RVUs)** × **Conversion Factor** Updated annually by CMS Used to anchor pricing for: CPT/HCPCS codes Modifiers Global periods
Medicare RVUs – Total RVU × Conversion Factor = Reimbursement Amount The conversion factor is set annually by CMS (e.g., $32.3465 in 2025) Adjusted by geographic practice cost indices (GPCIs) to reflect local costs Example - 99213 wRVU: 0.97 peRVU: 0.52 mpRVU: 0.07 Total RVU: 1.56 Payment: 1.56 × $32.3465 = $50.046.054 = $50.05 Physician Fee Schedule | CMS	An RVU is a numerical value assigned to each CPT/HCPCS code that reflects the resources required to perform a service. It's made up of three parts: 1. Work RVU (wRVU) ○ Represents the provider's effort, time, skill, and decision-making ○ Higher for complex procedures, lower for simple tasks 2. Practice Expense RVU (peRVU) ○ Covers overhead costs like staff, supplies, equipment, and facility use ○ Varies by site of service (e.g., office vs. hospital) 3. Malpractice RVU (mpRVU) ○ Accounts for malpractice insurance costs associated with the service ○ Higher for high-risk procedures

Benchmarks for Determining Fee Schedules

Commercial Payer Contracts (e.g., BCBS, Aetna)	Negotiated rates based on: % of Medicare Flat fees per CPT code Bundled service pricing Use these to identify high-volume, high-revenue codes
Medicaid Fee Schedule	State-specific and often **lower than Medicare** Useful for comparing reimbursement rates and identifying underpaid services Michigan Medicaid publishes its own fee schedule annually

Example - Define Your Baseline

Service	Description	BCBS	Aetna	Medicare	Proposed HD fee
99202	New patient, 15–29 min, straightforward MDM	$75-$90	$85-$100	$80.68	$110
99203	New patient, 30–44 min, low MDM	$120-$135	$125-$145	$123.38	$150
99204	New patient, 45–59 min, moderate MDM	$180-$200	$185-$210	$183.26	$225
99212	Established patient, 10–19 min, straightforward	$60-$75	$65-$80	$63.47	$100
99213	Established patient, 20–29 min, low MDM	$90-$110	$95-$115	$92.90	$125
Dental	Routine cleaning	$80-$120	$80-$120	?Medicare coverage	$130
Dental	Fillings	$80-$150	$80-$140	?Medicare coverage	$165
Immunizations	Routine	$20-$50/per vaccine + admin fee	$20-40/per vaccine + admin fee	$25-$45/per vaccine + admin Fee	$60/depending on vaccine
Preventive Screening	Annual physicals, cancer screenings, cholesterol, diabetes, and more	$50-$200 depending on test	$40-$180 depending on test	$40-$150 depending on test	$225

Resources

Physician Fee Schedule | CMS

NHSC Site Reference Guide

Chapter 9: Sliding Fee Discount Program | Bureau of Primary Health Care