

(Q) Surgery—Digestive System—All Body Regions—Endoscopy;
 (R) Surgery—Urinary System;
 (S) Surgery—Male Genital System;
 (T) Surgery—Female Genital System;
 (U) Surgery—Maternity Care and Delivery—Antepartum Services;
 (V) Surgery—Maternity Care and Delivery—Excision, Introduction, Repair, Vaginal Delivery, Antepartum and Postpartum Care, Cesarean Delivery, Delivery After Previous Cesarean Delivery, Abortion, Other Procedures;
 (W) Surgery—Endocrine System, Nervous System;
 (X) Surgery—Eye and Ocular Adnexa;
 (Y) Surgery—Auditory System;
 (Z) Radiology—Diagnostic—Head and Neck, Chest, Spine and Pelvis—All Except CAT Scans and Magnetic Resonance Imaging (MRI);
 (AA) Radiology—Diagnostic—Upper Extremities, Lower Extremities, Abdomen, Gastrointestinal Tract, Urinary Tract, Gynecological and Obstetrical, Heart—All Except CAT Scans and Magnetic Resonance Imaging (MRI);
 (BB) Radiology—Diagnostic—Aorta and Arteries, Veins and Lymphatics—All Except CAT Scans and Magnetic Resonance Imaging (MRI);
 (CC) Radiology—Diagnostic Ultrasound;
 (DD) Radiology—Radiation Oncology, Nuclear Medicine, Therapeutic;
 (EE) Radiology—Diagnostic—CAT Scans in All Categories;
 (FF) Radiology—Diagnostic—Magnetic Resonance Imaging (MRI) in All Categories;
 (GG) Medicine—Vaccines, Toxoids;
 (HH) Medicine—Therapeutic or Diagnostic Infusions (Excluding Chemotherapy), Therapeutic, Prophylactic, or Diagnostic Injections;
 (II) Medicine—Psychiatry, Biofeedback;
 (JJ) Medicine—Dialysis;
 (KK) Medicine—Gastroenterology;
 (LL) Medicine—Ophthalmology—Special Ophthalmological Services, and Medicine—Special Otorhinolaryngologic Services;
 (MM) Medicine—Cardiovascular—Other Vascular Studies;
 (NN) Medicine—Cardiovascular—Therapeutic Services, Echocardiography, Cardiac Catheterization, Intracardiac Electrophysiological Procedures, and Medicine—Non-Invasive Vascular Diagnostic Studies;
 (OO) Medicine—Pulmonary;
 (PP) Medicine—Neurology and Neuromuscular Procedures, Central Nervous System Assessments and Tests;
 (QQ) Medicine—Chemotherapy Administration;

(RR) Medicine—Special Dermatological Procedures;
 (SS) Medicine—Physical Medicine and Rehabilitation—Evaluation, Modalities; and Medicine—Photodynamic Therapy;
 (TT) Medicine—Physical Medicine and Rehabilitation—Therapeutic Procedures, Tests and Measurements, Other Procedures, Medicine—Osteopathic Manipulative Treatment, Medicine—Chiropractic Manipulative Treatment, Medicine—Special Services, Procedures, and Reports, and Medicine—Other Services and Procedures;
 (UU) Medicine—Evaluation & Management—Consultations;
 (VV) Medicine—Evaluation & Management—Hospital Observation Services;
 (WW) Medicine—Evaluation & Management—Emergency Department Services, Critical Care Services; and
 (XX) Medicine—Evaluation & Management—Office or Other Outpatient Services, Prolonged Services, and Medicine—Ophthalmology—General Ophthalmological Services.
 (ii) *80th percentile.* For each of the 45 outpatient facility CPT procedure code groups set forth in paragraph (d)(3)(i) of this section, the median charge is increased by the ratio of the 80th percentile charge to median charge obtained from the 1997 MedStat claims database. To mitigate the impact of the variation in the intensity of services by CPT procedure code, the percent increase from the median to the 80th percentile in outpatient charges is compared to the percent increase from the median to the 80th percentile in inpatient semi-private room and board charges. Any percent increase in outpatient charges in excess of the inpatient semi-private room and board percent increase is multiplied by a factor of 0.50. The 80th percentile outpatient facility charge is reduced accordingly.
 (iii) *Trending forward.* The charges for each CPT procedure code, representing charge levels described in paragraph (d)(3) of this section, are trended forward to the midpoint of the calendar year in which the charges will be effective. The trend factors are based on changes to the Outpatient Hospital component of the CPI-U. Actual CPI-U changes are used through the latest available month. The three-month average annual trend rate as of the latest available month is held constant to the midpoint of the effective charge period. The projected total CPI-U change from the source data period to the effective period is then applied to the 80th

percentile charges, as described in paragraph (d)(3) of this section.

(4) *Geographic area adjustment factors.* For each VA outpatient facility location, a single geographic area adjustment factor is calculated as the arithmetic average of the outpatient geographic area adjustment factor (this factor constitutes the ratio of the level of charges for each geographic area to the nationwide level of charges) published in the 2001 Milliman USA, Inc., Health Cost Guidelines (Milliman USA, Inc., 1301 5th Avenue, Suite 3800, Seattle, WA 98101-2605), and a geographic area adjustment factor developed from the 2000 MediCode data. The MediCode-based geographic area adjustment factors are calculated as the ratio of the CPT-weighted average charge level for each VA outpatient facility location to the nationwide CPT-weighted average charge level.

(5) *Multiple surgical procedures.* When multiple surgical procedures are performed during the same outpatient encounter by a provider or provider team as indicated by multiple surgical CPT procedure codes, then the CPT procedure code with the highest facility charge will be billed at 100% of the charges established under this section; the CPT procedure code with the second highest facility charge will be billed at 25% of the charges established under this section; the CPT procedure code with the third highest facility charge will be billed at 15% of the charges established under this section; and no outpatient facility charges will be billed for any additional surgical procedures.

(e) *Physician charges.* When VA provides or furnishes physician services within the scope of care referred to in paragraph (a)(1) of this section, physician charges billed for such services will be determined in accordance with the provisions of this paragraph. Physician charges consist of charges for professional services that vary by VA facility and by CPT procedure code. These charges are calculated as follows:

(1) *Formula.* For each CPT procedure code except those for anesthesia, multiply the total facility-adjusted RVU as set forth in paragraph (e)(2) of this section by the applicable facility-adjusted conversion factor (facility-adjusted conversion factors are expressed in monetary amounts) set forth in paragraph (e)(3) of this section to obtain the physician charge for each CPT procedure code at a particular VA facility. For each anesthesia CPT procedure code, multiply the nationwide physician charge as set forth in paragraph (e)(4) of this section by the geographic area adjustment factor as set