

Improving the accuracy of payments to physicians and other health professionals

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Physician fee schedule intended to account for differences among services in resource costs

- Replaced payment based on charges
- Accounts for relative costliness of inputs
 - Work
 - Practice expense
 - Professional liability insurance
- Commissioner concerns
 - Vulnerable to mispricing
 - Indifferent to clinical outcomes

Contract to explore alternative approaches to valuing practitioner services

- Contract with Univ. of Minnesota to examine alternative approaches used by plans, integrated systems, medical groups
- Interviews with 24 organizations
 - 15 from across U.S.
 - 9 from Minneapolis-St. Paul market
- Because organizations not randomly selected, findings may not be nationally representative

Key findings from study of alternative approaches

- Most common physician compensation model within groups based on Medicare work RVUs combined with target comp amount
- Small share of comp based on quality metrics
- No development of alternative approaches to valuing physician services
- But efforts between plans & provider groups to test innovative payment arrangements (e.g., medical home, shared savings, P4P)

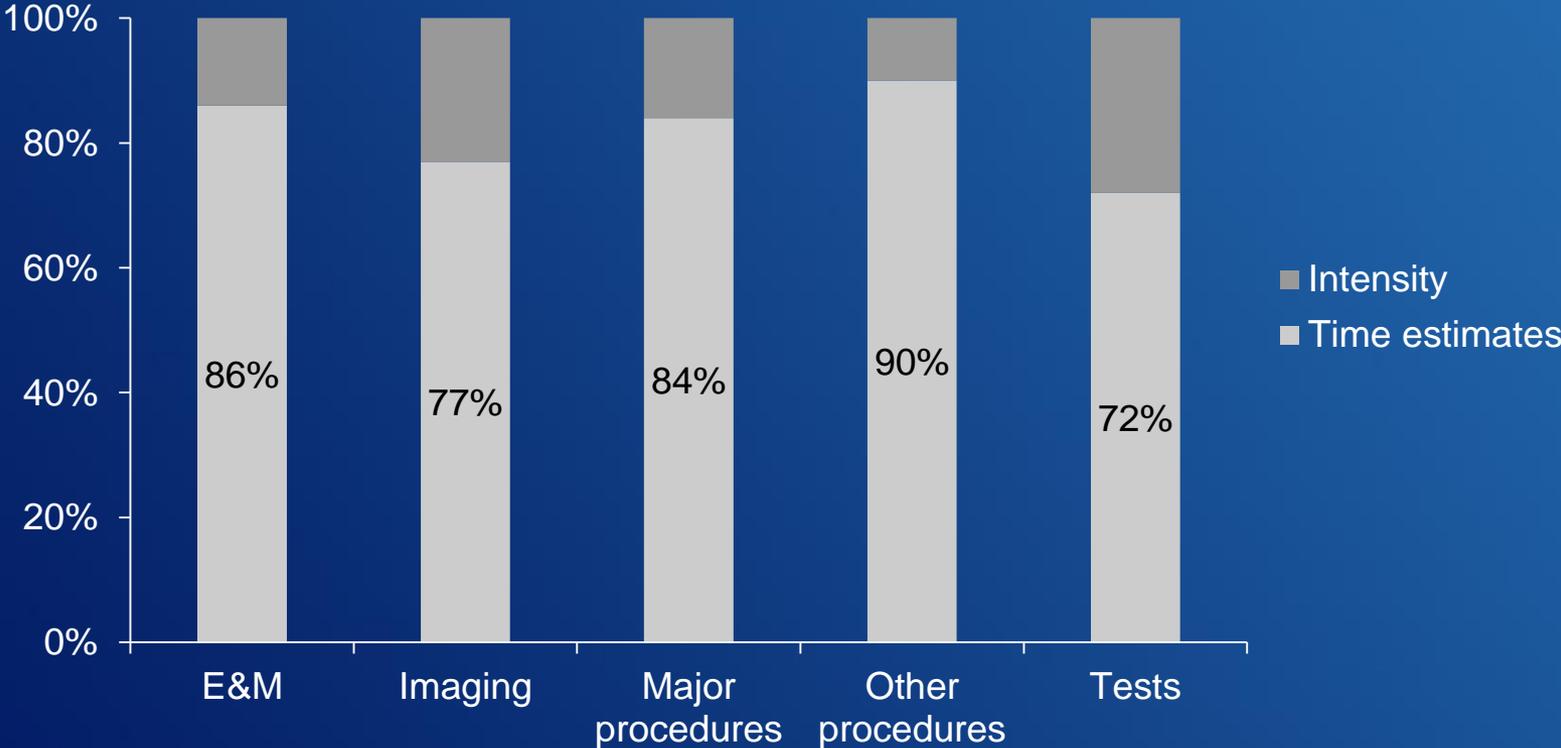
Key findings from study of alternative approaches (Minneapolis-St. Paul)

- Widespread use of shared savings models
 - Providers share in overall savings relative to negotiated target, if quality goals are met
- Patient attribution and data sharing are key issues
- Several factors contribute to high level of innovation in this market (e.g., history of collaboration, large integrated systems)
- Evidence of new models' impact not yet available

CMS is planning to validate fee schedule relative values

- Commission concerns about valuation process
- Contract research for CMS and ASPE has raised questions about accuracy of the relative values for some services
 - Relative values depend on estimates of time practitioners spend furnishing services
 - Some estimates are likely too high
- Validation provision in PPACA

Validation should include the fee schedule's time estimates



Source: MedPAC analysis of 2010 time data and work RVUs from CMS.

Collecting objective time data

- Some assembly of data required
- Practitioner organizations have time data in electronic health record and patient scheduling systems
- Data must be integrated with billing code for each service

Organized effort to collect time data

- Surveys: low response likely
- Mandatory for all: administrative burden concerns
- Recruit cohort of practices and other facilities where physicians and other professionals work?
 - Resources for CMS
 - Resources for practices

Implementation issues

- Number of participants, to ensure reliability
- Compensation for practices
- Data submission and accuracy
- Consistent cohort vs. rotation in and out
- Levels of data collection
 - Practitioner
 - Billing code
- Estimation of time per service

Issues for discussion

- Comments on alternative approaches to valuing practitioner services
- Next steps on validating time data