

Physician services: assessing payment adequacy and updating payments

ISSUE: In the March 2006 report, MedPAC will address three issues concerning Medicare's payments for physician services: Are current payments adequate? How are costs expected to change in 2007? What is an appropriate payment update for 2007? In this meeting we will discuss several indicators we examine to assess the first question—payment adequacy for physician services.

KEY POINTS: For this month, we will discuss some information on the appropriateness of current costs. We will present preliminary findings on:

- Beneficiaries' access to physicians and physician services
- Physician supply

ACTION: Commissioners should review the findings in preparation for its recommendations in subsequent meetings. We will be presenting additional information on payment adequacy for physician services at the December meeting, including an analysis of volume growth, quality indicators and expected changes in input prices.

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