

## **Physician services: assessing payment adequacy and updating payments**

**ISSUE:** In the March 2006 report, MedPAC will address three questions concerning Medicare's payments for physician services: Are current payments adequate? How are costs expected to change in 2007? How should payments for fiscal year 2007 be updated?

**KEY POINTS:** We examine five factors to determine whether Medicare payments for physician services are adequate:

- Beneficiary access to physician services
- Physician supply
- Private insurer rates compared to Medicare
- Volume
- Ambulatory care quality

We then examine how costs are likely to change in 2007 and present a draft recommendation.

**ACTION:** Commissioners should review the findings in preparation for making an update recommendation.

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