

## **Measuring Regional Variation in Service Use**

**ISSUE:** Regional variation in the levels and growth of Medicare service use has received substantial attention in recent months. We will discuss the variation in use across the country as well as the methods used to assess regional differences in service use.

**KEY POINTS:** Regional variation in Medicare spending is often confused with regional variation in service use. Spending can vary for a several reasons including differences in regional prices and regional differences in patients' condition. However, we show that even after adjusting for prices, health status, and other factors, a substantial level of regional variation remains.

**ACTION:** Commissioners should review the findings and be prepared to discuss their policy implications.

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