



Advising the Congress on Medicare issues

Assessing payment adequacy: Physician services

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Background: Physician services in Medicare FFS

- Includes office visits, surgical procedures, and diagnostic and therapeutic services in all settings.
- \$61 billion on FFS physician services (13% of total Medicare spending) in 2008.
- 950,000 practitioners billed for physician services:
 - Physicians: 570,000
 - Others: LLPs and other health professionals
- 97% of FFS Medicare beneficiaries received at least one physician service in 2008.

MedPAC 2009 physician access survey: Beneficiaries (age 65+) and privately insured individuals (age 50-64)

- Most Medicare beneficiaries are able to get timely appointments and can find a new physician when they need one.
- Medicare beneficiaries report better physician access than privately insured individuals.
- Most people are not looking for a new physician.
 - Only 6% of Medicare beneficiaries and 8% of privately insured individuals looked for a new PCP in the past year.
 - Among those who looked for a new physician, finding a new PCP was more difficult than finding a new specialist.

Access to physician services for minorities and rural residents

- Minorities in both age groups experienced more access problems.
 - Medicare minorities reported better access compared with privately insured minorities.
- In both urban and rural areas, Medicare beneficiaries reported similar or better access than privately insured individuals.

Other studies on access to physician services

Patient studies

- Patient surveys show analogous results (CAHPS-FFS, Commonwealth Fund, HSC, AARP).
- Focus groups found that few patients experienced access problems and most reported good experiences with Medicare.

Physician studies

- Physician surveys show that most physicians are accepting Medicare patients (HSC, NAMCS, MedPAC).
- Focus groups found that:
 - Most physicians accepted Medicare.
 - Acceptance of private insurance varied by plan and market area.
 - Most physicians complained that payments were lower than many private payers, but liked other aspects of Medicare.

Access to outpatient psychiatric services

1) Cost sharing

- Researchers have attributed access problems for outpatient psychiatric services primarily to high Medicare cost-sharing (50% prior to 2010).
- MIPPA: Starting this year, cost sharing will transition to become equal with other Part B services (20%) by 2014.

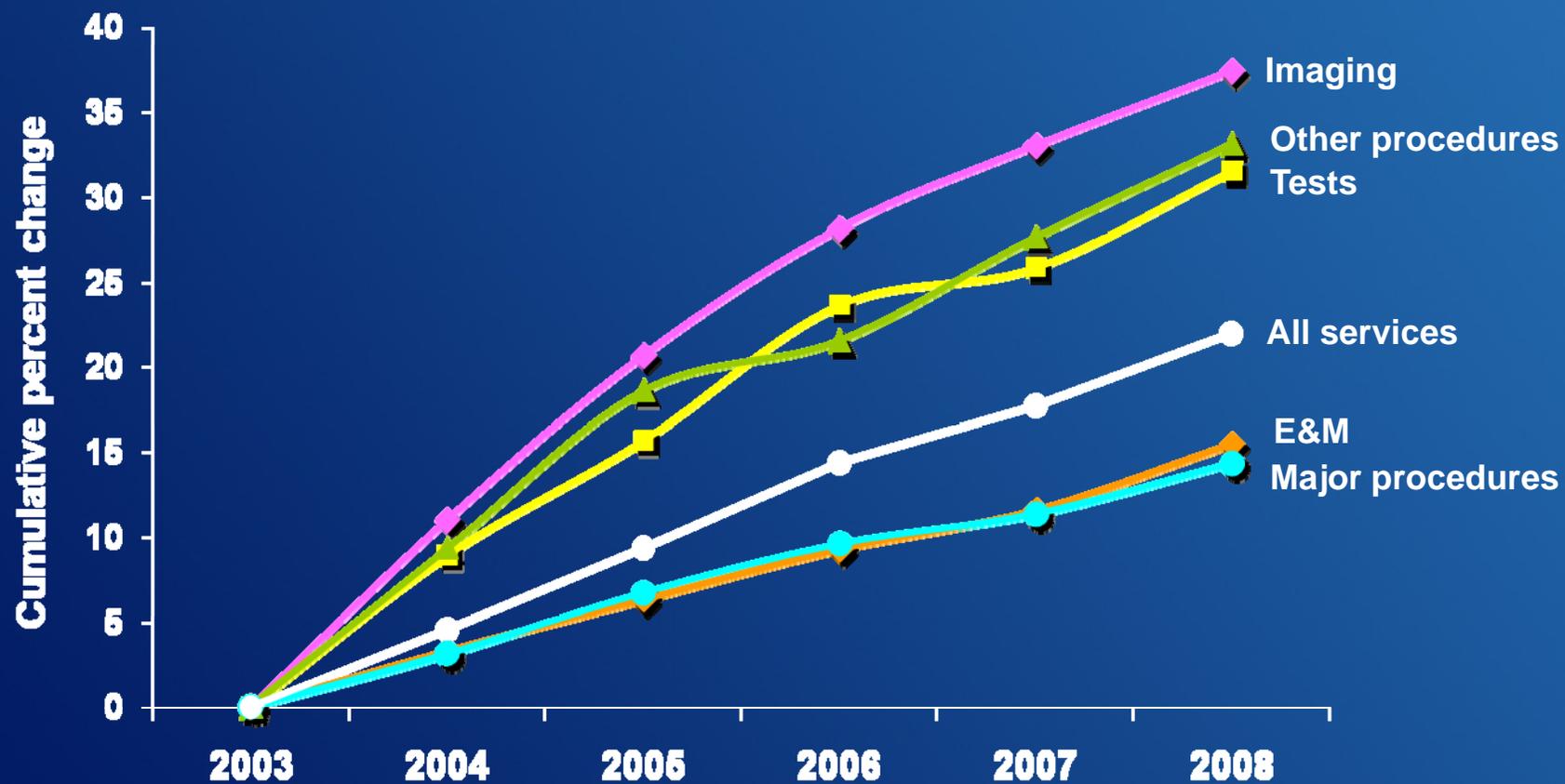
2) Fee schedule rate

- MIPPA cost-sharing change will not affect Medicare's allowed fee schedule rate for outpatient psychiatric services.
- Further research on Medicare's relative rate for these services may be needed.

Medicare fees for physician services

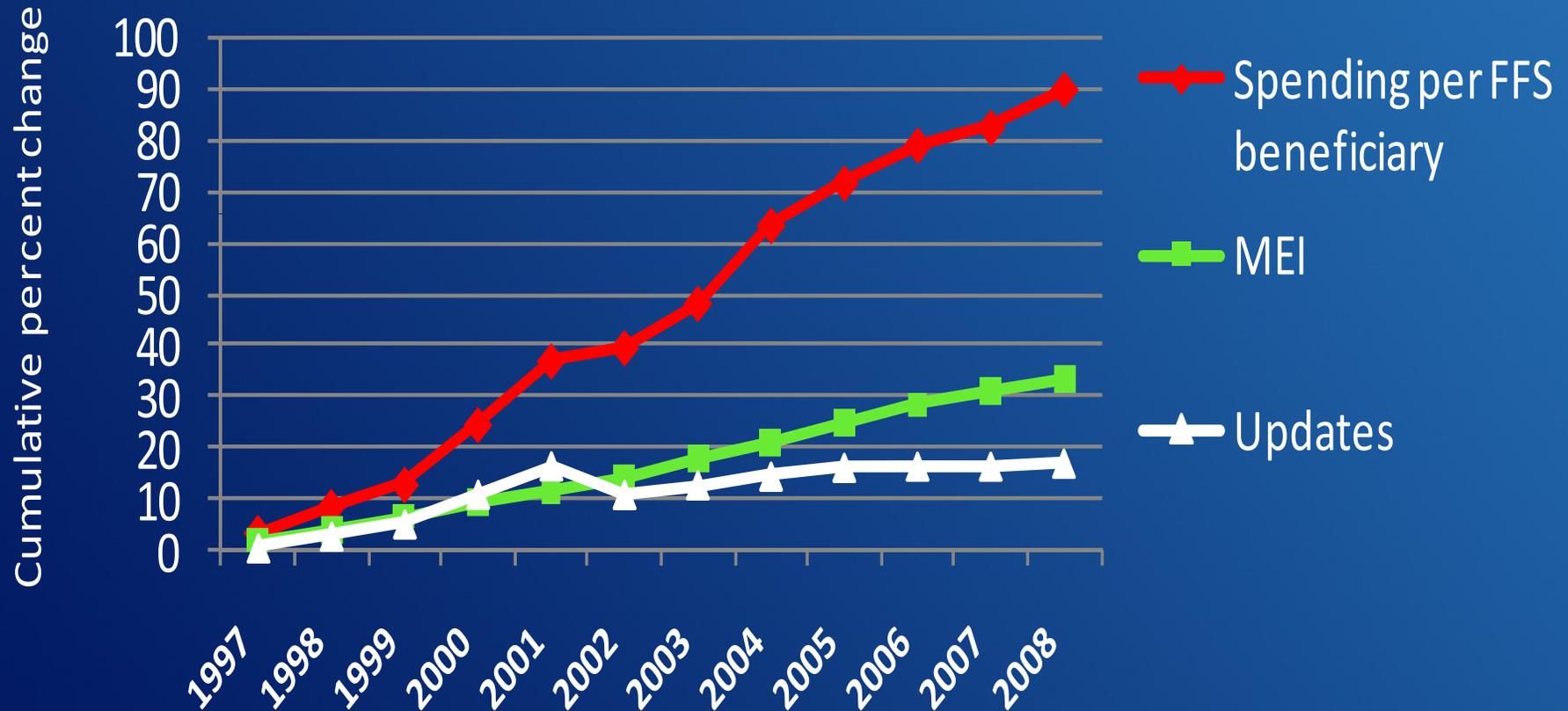
- Compared with overall private rates, Medicare fees are lower, but gap (close to 20%) has been generally steady over the last decade.
 - Averaged across all services and geographic areas
- Among physicians and other practitioners billing Medicare, 95% agree to accept Medicare's fee schedule amounts as payment in full.

Volume of physician services per beneficiary continues to grow



Note: (E&M Evaluation and management).
Source: MedPAC analysis of claims data for 100 percent of Medicare beneficiaries.

Volume growth has raised actual spending faster than input prices and the updates



Note: MEI (Medicare Economic Index).

Source: 2006 and 2009 trustees' reports and OACT 2009.

Most quality indicators were stable or improved from 2006 to 2008

Indicators	Number of indicators			Total
	Improved	Stable	Worsened	
ALL	19	14	5	38
Anemia	3	1	0	4
CAD	3	1	0	4
Cancer	0	3	4	7
CHF	7	1	0	8
COPD	1	0	1	2
Depression	0	1	0	1
Diabetes	4	3	0	7
Hypertension	0	1	0	1
Stroke	1	3	0	4

Source: MedPAC analysis of Medicare Ambulatory Care Indicators for the Elderly (MACIE) from the Medicare 5 percent Standard Analytic Files.

Current forecast of cost changes expected for 2011

- Input price inflation: 2.1%
 - Physician work: 2.2%
 - Physician practice expense: 2.0%
- Medicare Economic Index: 0.9%

Earlier MedPAC recommendation on primary care services (June 2008, March 2009)

Increase payments for FFS primary care services furnished by practitioners who focus on primary care.

- Budget neutral
- Primary care-focused practitioners:
 - Specialty designation is defined as primary care and/or
 - Those whose pattern of claims meets a minimum threshold of furnishing primary care services

Questions about the accuracy of the physician fee schedule's RVUs

- Are estimates of physician time accurate?
 - Volume of services per physician
 - Short duration services
 - Services furnished together
- How should the valuation process improve?