



Advising the Congress on Medicare issues

Promoting the use of primary care

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Overview

- Importance of primary care and its risk of underprovision
- Initiatives to promote the use of primary care in Medicare
 - Fee schedule changes
 - Medical home programs

Importance of primary care

- Americans value having a primary care physician who knows about their medical problems (Schoen 2007, Grumbach 1999).
- Increasing the use of primary care services and reducing reliance on specialty care can improve the efficiency and coordination of health care delivery without compromising quality (Fisher et al., 2003; Starfield and Shi 2002).
- Yet, under current Medicare FFS incentives, primary care services are at risk of being:
 - Undervalued
 - Underprovided

What is primary care and who provides it?

- Primary care
 - Comprehensive health care provided by personal clinicians who are responsible for the overall, ongoing health of their individual patients.
- Primary care providers
 - Team of physician and non-physician providers
 - Primary care physicians, nurse practitioners and physician assistants who train in primary care fields
 - Specialists who treat patients' main chronic condition

Access to primary care

- Most beneficiaries have a usual source of care that they value
 - 95% report having a particular medical person or clinic that they usually go to when sick
 - 53% report that they have been going there for 5 or more years.
 - 90% report usual clinician has a good understanding of their medical history
- But some access concerns exist
 - Among those looking for a new primary care physician (<10%) 30% report some difficulty
 - U.S. Medical school graduates selecting family practice and primary care residencies has declined steadily; internal medical residents are increasingly taking on subspecialties

A fee schedule adjustment to promote primary care

- Selected practitioners
 - Physicians
 - Internal medicine
 - Family practice
 - Geriatric medicine
 - Pediatric medicine
 - Nurse practitioners and physician assistants
- Statutory definition of primary care services includes evaluation and management visits in selected settings:
 - Office
 - Home
 - Emergency department
 - Non-acute facility
- Budget neutral

The adjustment could address concerns about undervaluation of primary care

- Efficiency gains are difficult to achieve in primary care
- For other services, efficiency is more likely to improve with advances in technique, technology, and other factors
 - RVUs should go down for these services
 - RVUs should go up for other services, including primary care
 - Often, these RVU changes do not occur in the five-year review

Specialists tend not to derive a large share of their payments from primary care services

Physician specialty	Percent of specialty allowed charges, primary care services
Diagnostic Radiology	0.2%
Radiation Oncology	1.6
Ophthalmology	7.8
Nephrology	11.1
Gastroenterology	14.5
Cardiology	14.8
Orthopedic Surgery	16.9
Dermatology	19.4
Pulmonary Disease	19.6
Urology	22.1

Note: Specialties listed are specialists with highest total allowed charges in 2006.

Source: MedPAC analysis of 2006 claims data for 100 percent of Medicare beneficiaries.

Adjustment could increase many of the payments to primary care practitioners

Practitioner/specialty	Percent of practitioner allowed charges, primary care services
Physician	
- Geriatric medicine	65.1%
- Family practice	65.0
- Internal medicine	45.4
- Pediatric medicine	42.5
Nurse practitioner	68.8
Physician assistant	46.8
All other	16.3

Source: MedPAC analysis of 2006 claims data for 100 percent of Medicare beneficiaries.

How the adjustment could promote primary care

- Major departure from current structure of the fee schedule
 - Resource-based payments
 - No specialty differentials
- Promoting primary care would be a different goal
- Investment in infrastructure—such as IT and staffing—for medical home programs

Setting the level of the adjustment

- Because there is no one formula or analytical approach, judgment is required
- Do existing adjustments provide a guide?
 - Health professional shortage area: 10 percent
 - Physician scarcity area: 5 percent
- Historical undervaluation of primary care in the five-year review: 7-13 percent

Using physician specialty designation to identify primary care practitioners

- Physician specialty is self-designated
- Secretary could consider a range of further criteria:
 - Certification is an incomplete criterion
 - Pattern of claims might be an option

Medical home programs

- General concepts, goals
 - Increase care coordination, particularly for people with multiple conditions
 - Improve resource use
 - Enhance primary care practice and access
- Previous MedPAC work

Essential capabilities of a medical home

In addition to providing or coordinating appropriate preventive, maintenance, and acute health services, medical homes must:

- Furnish primary care
- Use health information technology
- Conduct case management
- Maintain 24-hr patient communication and access
- Keep up-to-date records of patients' advance directives
- Be accredited/certified from an external accrediting body

Payment to medical homes

- Modest monthly payments per beneficiary for medical home infrastructure and activities
 - Medical home can continue to bill for Part B services
 - No beneficiary cost sharing for medical home fees
- Pay-for-performance incentives
 - Financial reward/penalty according to performance on selected quality measures
 - Based on a small share of physician's FFS Medicare revenue

Beneficiary issues

- **Initial target population:** beneficiaries with at least two chronic conditions
- **Medical home designation:** Beneficiary selects a single medical home. Signs document that states medical home principles (e.g., first-contact, care coordination).
- **Beneficiary education:** Medicare should engage in a public education campaign to inform beneficiaries about the benefits of primary care and medical home.

Beneficiary issues

- Ability to see specialists without a referral from the medical home
- Beneficiary incentives
- Other implementation details
 - Qualifying medical conditions
 - Eligibility under special circumstances (e.g., nursing home residents, hospice, ESRD, snowbirds)