Assessing payment adequacy and updating payments: Physician and other health professional services; and Medicare payment policies for advanced practice registered nurses and physician assistants

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Background: Physician and other health professional services in Medicare

- Medicare uses a fee schedule to pay for clinician services
- $69.1 billion in 2017, 14% of FFS spending
- 985,000 clinicians billed Medicare in 2017
  - 596,000 physicians
  - 389,000 APRNs, PAs, and other clinicians
- No update in current law for 2020, 5% A-APM incentive payment for certain A-APM participants

FFS (fee-for-service), APRNs (advanced practice registered nurses), PAs (physician assistants), A-APM (advanced alternative payment model).

Data preliminary and subject to change.

Change in volume per beneficiary is a function of change in number of services and change in intensity, 2016-2017

	Change in services per beneficiary +	Change in intensity per beneficiary =	Change in volume per beneficiary
All fee schedule services	**1.3%**	**0.3%**	**1.6%**
Major procedures: Vascular	0.0	9.5	9.5
Tests: Cardiography	1.3	2.9	4.2
Tests: Neurologic	0.3	1.5	1.8

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Payments for physician and other health professional services appear adequate

- Access indicators are stable
  - Telephone survey: Beneficiaries have comparable or slightly better access than privately insured individuals
  - Provider participation rate remains high
  - Number of clinicians billing Medicare per beneficiary is stable
- Quality indeterminate
- Ratio of Medicare payment rates to private PPO rates did not change
- Increase in volume of services

NP and PA background

- Commission examined Medicare payment policies for NPs/PAs in October and December 2018
- NPs are registered nurses with additional training (most commonly a master's degree); PAs must graduate from a PA educational program (including clinical rotations)
- The number of NPs/PAs billing Medicare has increased rapidly – e.g., from 2010 to 2017, the number of NPs billing Medicare increased from 52,000 to 130,000 (14% average annual growth)
- NPs/PAs increasingly practice outside of primary care
- NPs and PAs perform a larger number and greater variety of services for beneficiaries than in the past

NP (nurse practitioner); NPs are the most common type of APRN
Data are preliminary and subject to change

Direct and “incident to” billing background

- NP and PA services can be billed two ways
  - Direct: billed under NPI of NP/PA; Medicare pays 85% of fee schedule rates
  - “Incident to”: billed under NPI of physician; Medicare pays 100% of fee schedule rates
- “Incident to” billing for NPs/PAs:
  - Obscures knowledge of who is providing care for beneficiaries
  - Inhibits accurate valuation of fee schedule services
  - Increases Medicare and beneficiary spending
- Eliminating “incident to” billing would not affect the services NPs/PAs could provide; scope of practice decisions would continue to be made by states and physicians

NP and PA specialty background

- NPs and PAs increasingly practice outside of primary care (e.g., dermatology, orthopedics, etc.)
- Recent point-in-time estimates
  - NPs: ~half practice in primary care
  - PAs: ~a quarter practice in primary care
- Medicare has limited specialty information
  - Limits ability to target resources towards areas of concern (e.g., primary care)
  - Inhibits operation of programs that rely on identifying primary care providers (e.g., beneficiary attribution in ACOs)

ACOs (accountable care organizations)