

The effects of Medicare Advantage “spillover” on FFS Medicare spending and coding

ISSUE: Medicare Advantage (MA) plans’ profits depend on changing the practice patterns and coding behavior of physicians. The physicians serving MA patients usually also provide care to traditional fee-for-service (FFS) patients. This raises the question of whether the changes in practice patterns and coding induced by MA plans “spill over” into the care of traditional FFS patients. This could result in lower costs and/or higher coding for traditional FFS patients in areas with significant MA populations. The purpose of this paper is to test several hypotheses regarding the magnitude of these two types of “spillover.”

KEY POINTS: We find some coding and practice pattern spillovers from MA to FFS Medicare. But the magnitudes of the spillovers are small relative to difference between MA and FFS costs in certain markets.

ACTION: The Commissioners will discuss the staff’s analyses.