

Improving the accuracy of payments to physicians and other health professionals

ISSUE: Improving the accuracy of prices in Medicare’s payment systems is an urgent concern. Overpriced services may be overprovided if they become more profitable than other services. In the case of services furnished by physicians and other professionals, overpricing can skew compensation levels, favoring some practitioners at the expense of others and may influence the specialty choices of new practitioners.

KEY POINTS: Questions have been raised about the accuracy of a key input for determining payments under Medicare’s physician fee schedule: estimates of the time physicians and other health professionals spend in furnishing services. The issue has taken on greater importance now that CMS is planning to establish a formal process to validate the fee schedule’s relative value units.

ACTION: Commissioners will discuss options for collecting data to improve the accuracy of payments under the physician fee schedule.

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