Advising the Congress on Medicare issues

Assessing payment adequacy and updating payments: physician, other health professional, and ambulatory surgical center services

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December 10, 2015

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Background: Physician and other health professional services in Medicare

- $69.2 billion in 2014, 16 percent of FFS spending
- 892,000 practitioners billed Medicare: 576,000 physicians, 165,000 advance-practice nurses and physician assistants and 150,000 therapists and other providers
- Medicare Access and CHIP Reauthorization Act of 2015 established new payment updates in law
  - 0.5% in 2017
  - Two additional programs starting 2019: incentives for participation in eligible Alternative Payment Models and Merit-based Incentive Payment System for non-APM clinicians

Access to physician and other health professional services

- Commission's approach
  - Yearly telephone survey
  - Yearly focus groups of beneficiaries and providers, and site visits
  - Other surveys of beneficiaries and providers
- Beneficiaries' access to services is similar to privately-insured
  - Some groups experience more trouble
    - Minorities, disabled beneficiaries
  - Overall rates of reported trouble are low

Data preliminary and subject to change.

MedPAC survey: Satisfaction with overall care in the past 12 months

	Medicare		Privately insured (age 50-64)	
Very satisfied	69%		55%	
Somewhat satisfied	19%	88%	25%	80%
Somewhat dissatisfied	3%		5%	
Very dissatisfied	2%		2%	

Note: Table excludes following responses: did not receive health care in past 12 months, don't know, refused.

Source: MedPAC-sponsored telephone survey, 2015.

Data preliminary and subject to change.

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MedPAC survey: Most beneficiaries do not face trouble finding new doctor

	Primary care doctor	Specialist
Not looking for a new doctor	93%	84%
Looking for a new doctor	6.9	16.3
--No problem	4.7	14.2
--Small problem	1.2	1.1
--Big problem	1.0	1.0

Note: Numbers may not sum to 100% because of rounding and missing responses.

Source: MedPAC-sponsored telephone survey, 2015.

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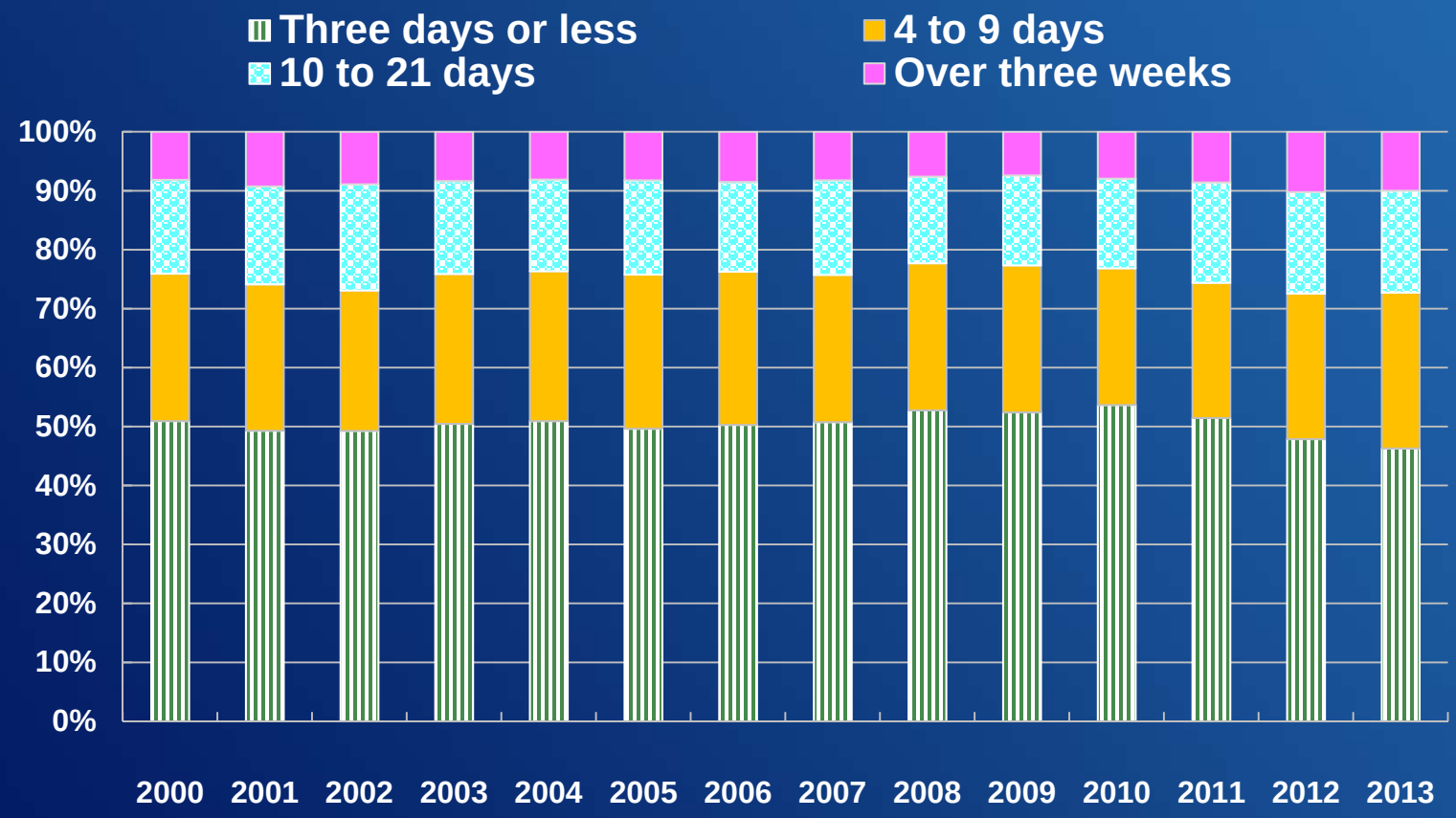
Wait times for appointments show a slight increase since last year



Source: Medicare Current Beneficiary Surveys.

Data preliminary and subject to change.

Other payment adequacy indicators

- Provider participation in Medicare remains high
- Rates of claims assigned are stable—over 99%
- Number of providers billing Medicare per beneficiary remained steady
  - Ratio of primary care physicians remained stable, specialists fell slightly, advanced-practice nurses and physician assistants increased
- Medicare's payments to physicians and other health professionals were 78% of private PPO rates in 2014 (similar to prior years)

Data preliminary and subject to change.

Quality

- Commission's position on assessing quality is to move from using many process measures to a few key outcomes measures
- Medicare program faces difficulty in measuring clinician quality at the individual level
- Briefing materials discuss two sets of measures
  - Rates of low-value care
  - Rates of potentially avoidable hospitalizations show declines for a few key conditions since 2010

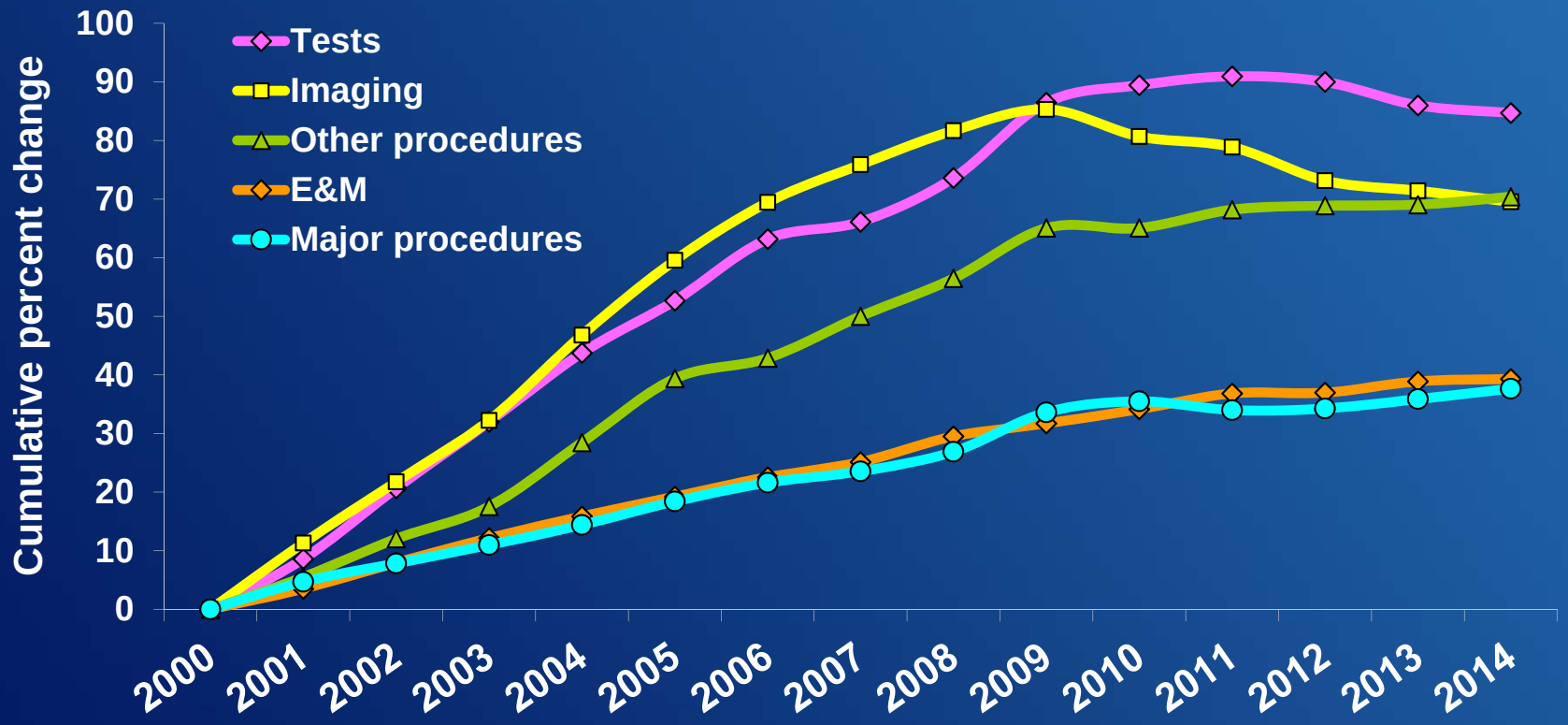
Data preliminary and subject to change.

Volume growth is product of units of service and intensity

- Volume for each code = number of services multiplied by fee schedule's relative value units (RVUs)
- Volume growth accounts for change in number of services and change in intensity (e.g., substitution of CT for X-rays)
- Volume growth per FFS beneficiary = 0.4% in 2014 (across all services)

Data preliminary and subject to change.

Growth in the volume of practitioner services per beneficiary, 2000-2014



Note: E&M (evaluation and management). Volume growth for E&M from 2009 to 2010 is not directly observable due to a change in payment policy for consultations. To compute cumulative volume growth for E&M through 2014, we used a growth rate for 2009 to 2010 of 1.85 percent, which is the average of the 2008 to 2009 growth rate of 1.7 percent and the 2010 to 2011 growth rate of 2.0 percent.
Source: MedPAC analysis of claims data for 100 percent of Medicare beneficiaries.

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Small decreases in the volume of imaging and tests do not raise concerns

- Volume grew rapidly from 2000 to 2009 (cumulative)
  - Imaging: 85%
  - Tests: 86%
- Recent decreases in both categories have been small (cumulative, 2009-2014)
  - Imaging: -9%
  - Tests: -1%
- Growth has led to concerns about appropriate use (e.g., Choosing Wisely)

Data preliminary and subject to change.

Volume decreases for imaging and tests reflect shift from freestanding offices to hospitals

- Trend toward billing for some services in hospitals instead of freestanding offices
- Increases overall program spending and beneficiary cost sharing
- Volume growth sensitive to shifts in site of care
- Practice expense RVUs lower for services provided in facilities (e.g., outpatient hospitals) than freestanding offices

Shift of cardiac imaging from freestanding offices to hospital outpatient departments

Change in units of service per beneficiary, 2013-2014

	Hospital outpatient department	Freestanding office
Echocardiography	7.0%	−5.7%
Nuclear cardiology	1.1	−9.6

Note: Echocardiography includes services in APC (ambulatory patient classification) 0269, APC 0270, and APC 0697. Nuclear cardiology includes services in APC 0377 and APC 0398.

Source: MedPAC analysis of outpatient claims and carrier claims for 100 percent of Medicare beneficiaries.

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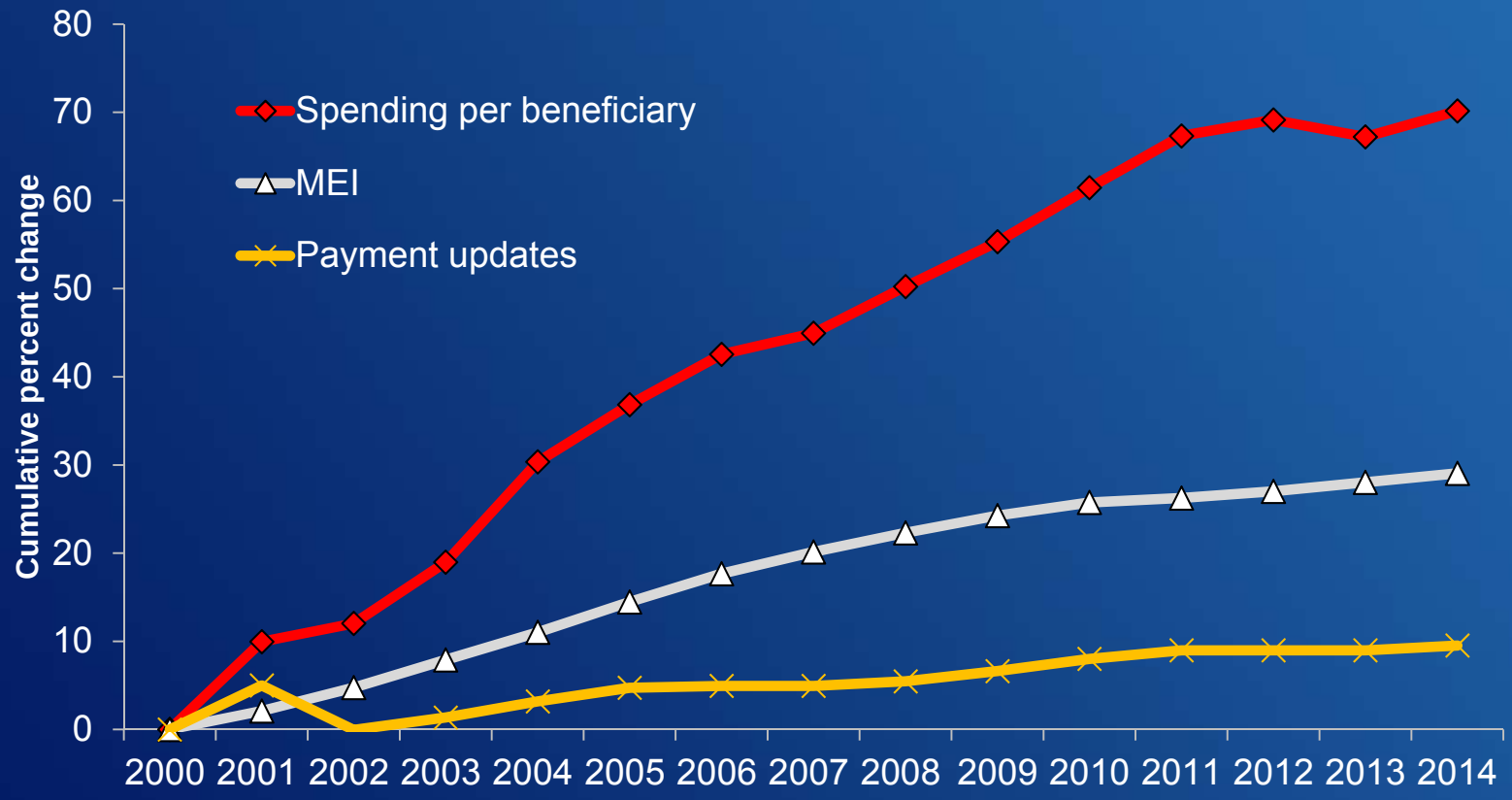
Volume growth has caused spending to increase faster than input prices and payment updates



Note: MEI (Medicare Economic Index).
Source: 2015 Medicare Trustees' report and Office of the Actuary, 2015.

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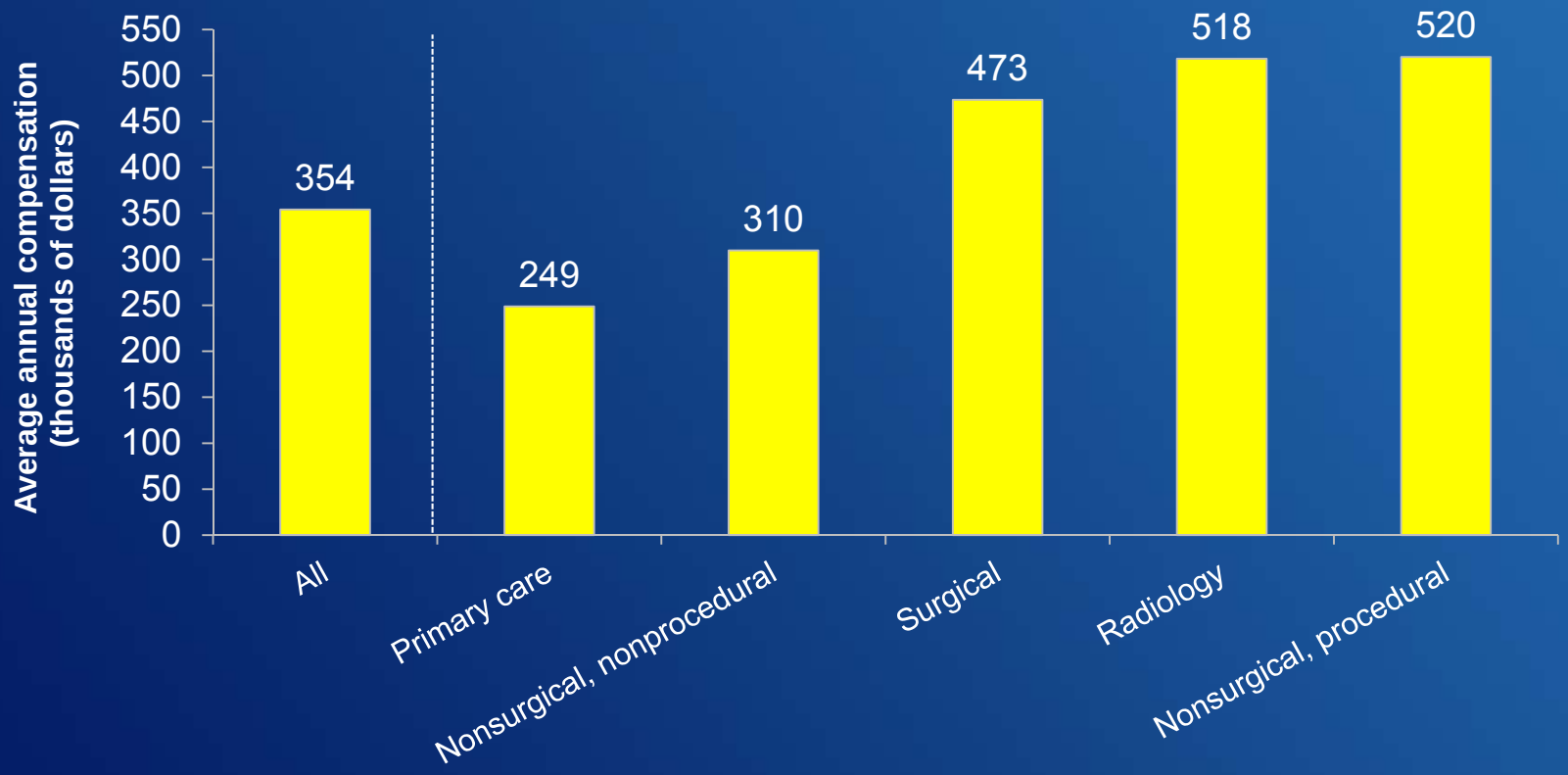
Wide income disparities between primary care and radiology/non-surgical procedural specialties, 2014



Source: MedPAC analysis of data from Medical Group Management Association's Physician Compensation and Production Survey, 2014.

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Payment adequacy for physician and other health professional services has not changed

- Access indicators are stable
- Small increase in volume of services
- Ratio of Medicare payments to private payments is stable
- Rates of potentially-avoidable hospitalizations declined

Future work

- Addressing disparities in compensation related to fee schedule
  - Replacing PCIP with payment policy that supports primary care
  - Revisiting structure of fee schedule
- Alternative Payment Models and Merit-based Incentive Payment System

Important facts about ASCs

- Medicare payments in 2014: Over $3.8 billion
- Beneficiaries served in 2014: 3.4 million
- Number of ASCs in 2014: 5,446
- Will receive payment update of 0.3% in 2016
- Most ASCs have some degree of physician ownership

Data preliminary and subject to change.

Comparing ASCs with OPDs

- Benefits of ASCs
  - Efficiencies for patients and physicians
  - Lower payment rates and cost sharing in ASCs vs. OPDs (OPD rates are 79% higher)
- Concern: Evidence that physicians who own ASCs perform more procedures
- Issue: Relative to OPD patients, ASC patients are less likely to be dual eligible, minority, under age 65, or age 85 or older

Measures of payment adequacy

- Access to care
  - Capacity and supply of providers
  - Volume of services
- Access to capital
- Medicare payments

- Insufficient data to assess quality
- No cost data

Volume of services declined; number of ASCs and Medicare payments have continued to increase

	Avg annual change, 2009-2013	Change, 2013-2014
FFS beneficiaries served	1.1%	-1.2%
Volume per FFS beneficiary	1.3%	-0.8%
Number of ASCs	1.5%	1.9%
Medicare payments per FFS beneficiary	2.6%	3.1%

Source: MedPAC analysis of Medicare claims and Provider of Services file from CMS, 2009-2014.

Data preliminary and subject to change.

Access to capital is good

- Positive growth in the number of ASCs (1.9% in 2014)
- Two acquisitions: Companies that own ASCs borrowed at least $1 billion each to complete acquisitions
- Medicare accounts for small share of total ASC revenue (~20%), so factors other than Medicare payments influence access to capital

Data preliminary and subject to change.

Insufficient data to assess quality of ASCs

- ASCs began reporting data on quality measures in Oct. 2012
- Data on 2 measures now available; data on 5 other measures available in April 2016
  - Data on 2 measures now available are of limited value
  - ASCs allowed to suppress data on 5 measures available in April 2016
- Commission recommended that CMS implement value-based purchasing program

Summary of payment adequacy measures

- Access to ASC services: Stable
  - Increase in number of ASCs
  - Small decrease in number of FFS beneficiaries served
  - Small decrease in volume per FFS beneficiary; shift to more complex services
- Access to capital: Adequate
- Revenue per FFS beneficiary increased
- Insufficient data to assess quality
- ASCs do not submit cost data

Discussion

- Physician update
- ASC update