

Advising the Congress on Medicare issues

Per beneficiary payment for primary care

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Overview

- Recap of December meeting discussion on payment for primary care
- Draft recommendation to establish a per beneficiary payment for primary care
- Brainstorm options for next steps for Commission work on payment methods for primary care

Recap of discussion at December meeting

- Support for Chairman's draft recommendation
- Make clear Commission's rationale for recommendation
- Emphasize that per beneficiary payment exempt from beneficiary cost sharing
- Commission expressed interest in further work on payment methods for primary care

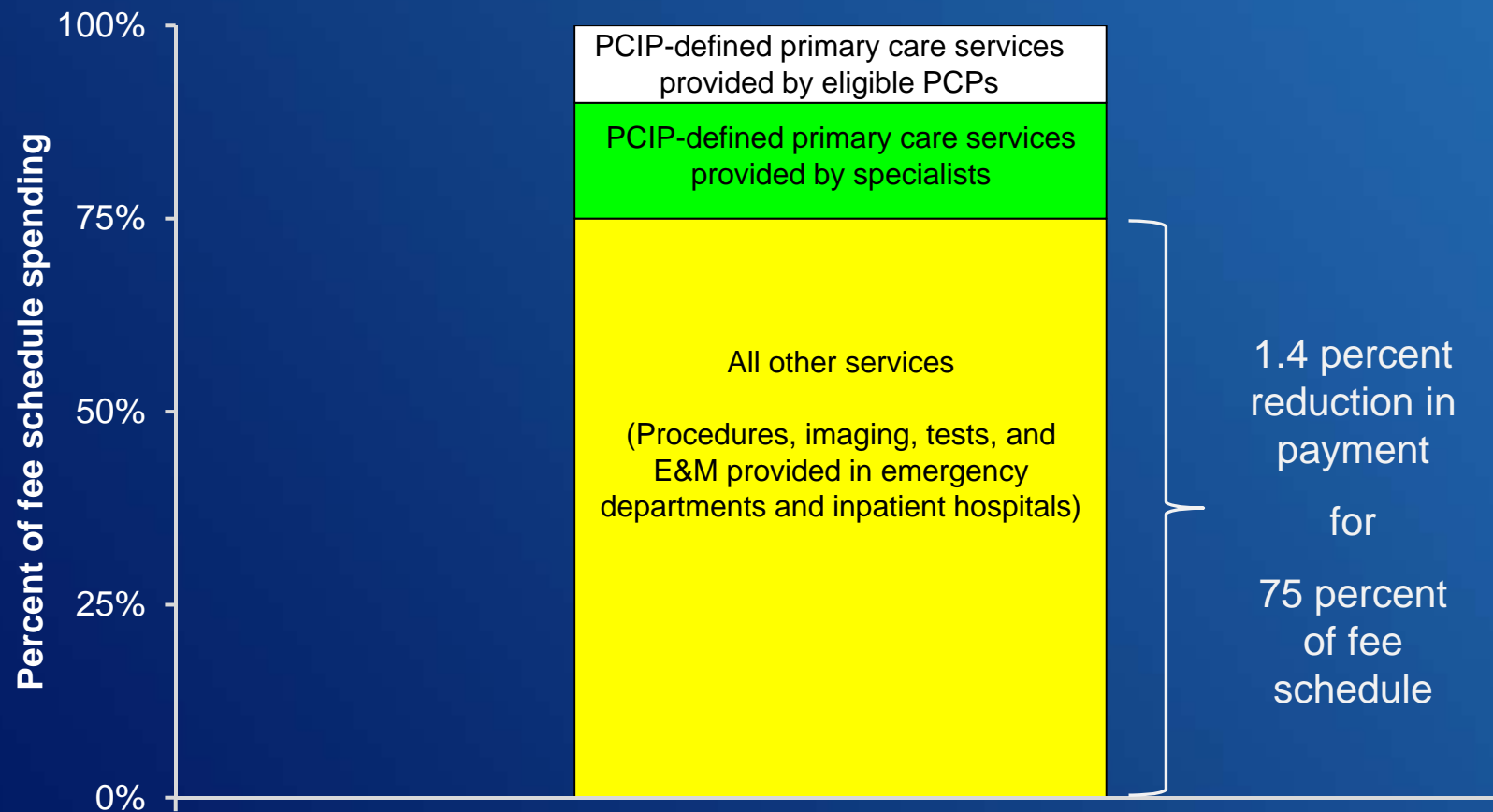
Rationale for draft recommendation

- Primary care is undervalued
 - Compensation much less than other specialties
 - Discourages clinical careers in primary care
 - Long-run: Beneficiary access at risk
- Primary care bonus expires at year's end
 - Similar to 2008 Commission recommendation
 - Allowing bonus to expire sends wrong signal
- Continue additional payments but in form of per beneficiary payment

Design features of a per beneficiary payment

- Payment amount set at the level of the current bonus
- Payable for beneficiaries prospectively attributed to practitioners
- Payment not contingent on practice requirements
- Payment exempt from beneficiary cost sharing
- Funded by reducing fees for services other than PCIP-defined primary care services

Funding from services other than PCIP-defined primary care services



Note: PCIP (Primary Care Incentive Payment program), PCPs (Primary care practitioners), E&M (evaluation and management services).

Discussion

- Draft recommendation
- Brainstorm options for next steps for Commission work on payment methods for primary care

Next steps on primary care

- Concerns about payment for primary care
 - Physicians in some specialties compensated at rates more than double that of primary care
 - Procedural services can become overpriced due to technology advances and other factors
 - Commission contractor confirmed feasibility of validating fee schedule's relative value units
 - Fee-for-service ill-suited as payment mechanism for ongoing, coordinated care

Next steps on primary care (continued)

- Previous Commission recommendations
 - Establish budget-neutral primary care bonus
 - Encourage Secretary to undertake medical home pilot
 - Identify overpriced services and adjust fees
 - Repeal SGR and rebalance fee schedule with higher updates for primary care than for other services