

Addressing Medicare payment differences across settings: Ambulatory care services

ISSUE: Medicare payments are higher for most services if they are provided in a hospital outpatient department (OPD) or provider-based entity than if they are provided in a freestanding physician practice or professional office. Consequently, as more physicians become employed by hospitals, more services will be provided in OPDs or provider-based entities, which will result in higher Medicare program spending and beneficiary cost sharing.

KEY POINTS: In previous analyses, we evaluated making Medicare payment rates for evaluation and management (E&M) office visits equal whether they are provided in OPDs or freestanding practices. In this research, we move beyond E&M office visits and evaluate other services that could have equal payment rates across settings or at least have smaller differences than currently exist.

ACTION: Commissioners should provide guidance on the direction staff should take on this analysis.

STAFF CONTACT: Ariel Winter, Dan Zabinski