

# Assessing payment adequacy and updating payments: Physician and other health professional services

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# Background: The Medicare Physician Fee Schedule

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- Includes billing codes for 8,000 clinician services delivered in a variety of settings (e.g., doctors' offices, hospitals)
- In 2019, Medicare paid \$73.5 billion to 1.3 million clinicians
- Current law: No update to base payment rates in 2022, but
  - +/- performance-based adjustment for clinicians in MIPS
  - 5% bonus for clinicians in advanced alternative payment models

# New information in the draft chapter

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- Analysis of access-to-care broken out by age cohorts
  - Oldest beneficiaries (80s or older) least likely to
    - be dissatisfied with care
    - have difficulty finding a new primary care provider
    - forego care during the pandemic
- More recent data on volume and revenue
  - After dropping sharply in the spring, volume of primary care visits and other services largely recovered in the summer and remained steady through November
  - Clinicians' revenues for privately insured were above last year's levels in July-October
- 98% of beneficiaries had at least one clinician encounter in 2019

# Commission's work on primary care issues

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- Prior Commission recommendations
  - CMS should regularly collect data to establish more accurate RVUs (2011)
  - Congress should establish a per beneficiary payment for primary care clinicians (2015)
  - CMS should collect data on the specialties in which APRNs and PAs practice (2019)
- Research on scholarship and loan-forgiveness programs for primary care providers (June 2019 report)
- Interviews with medical schools and stakeholders on increasing the supply of primary care physicians (Nov. 2019 presentation)
- Ongoing work on geriatricians
- We supported CMS increasing RVUs of office/outpatient E&M visits for 2021 in a budget-neutral manner

# Commission's prior work on site-neutral payments

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- Concern: Total Medicare payment for most services is higher in HOPD than freestanding office
  - Service in an HOPD leads to 2 payments: HOPD + physician fee schedule
- Hospitals have been purchasing physician practices and converting them to HOPDs, which increases program spending and beneficiary cost sharing
- Commission recommendations: Align total payments for E&M visits and selected other services by reducing HOPD rates (2012, 2014)
- The Congress reduced payment rates for services in *new*, off-campus HOPDs beginning in 2017
- CMS reduced rates for E&M visits in *all* off-campus HOPDs beginning in 2019
- Is there additional work you'd like us to pursue?

# Summary of our analysis



## Beneficiaries' access to care

- ✓ Comparable access to care as privately insured
- ✓ 2020 MedPAC survey findings consistent with prior years
- ✓ Number of clinicians increasing faster than number of beneficiaries
- ✓ Volume of clinician encounters per beneficiary increasing

Positive



## Quality of care

- ✗ Wide variation in rates of ambulatory care-sensitive hospitalizations and ED visits
- ✗ Substantial use of low-value care

Room to improve



## Payments and costs

- ✓ Payments per beneficiary increasing
  - Growth of MEI
  - Commercial payment rates higher than Medicare's rates
- ✓ Physician compensation increasing

Positive