

Mandated report: geographic adjustment of payments for the work of physicians and other health professionals

ISSUE: The Middle Class Tax Relief and Job Creation Act of 2012 directs the Commission to consider whether certain payments under the physician fee schedule—payments for the work effort of physicians and other health professionals—should be adjusted geographically. In fulfilling the mandate, the Commission is to assess whether any adjustment is appropriate to distinguish the difference in work effort by geographic area and, if so, what the level of the adjustment should be and where it should be applied. The Commission must also assess the impact of the current adjustment, including its impacts on access to care.

KEY POINTS: Currently, payment for work effort is adjusted with one of the fee schedule’s three geographic practice cost indexes (GPCIs). GPCIs adjust payment rates to account for the prices of inputs used in furnishing fee schedule services as those prices vary geographically. However, in the case of the GPCI for work effort, arguments for and against it have persisted dating back to development of the fee schedule in the 1980s. Given the concerns that have been raised and specifics in the mandate, the Commission will address several questions: 1) should there be a work GPCI? 2) if so, how should it be applied?, and 3) what are the work GPCI’s impacts, including its impacts on access to care?

ACTION: Commissioners should discuss the issues raised in this mailing—including arguments for and against the work GPCI—and provide guidance on impact analyses and policy options for discussion at subsequent meetings this fall.

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