

Advising the Congress on Medicare issues

Assessing payment adequacy: physician and other health professional services

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Background: Physician and other health professional services in Medicare FFS

- Includes office visits, surgical procedures, and range of diagnostic and therapeutic services in all settings
- Medicare outlays: \$64 billion in 2009
- 1 million practitioners are in Medicare's registry:
 - Half are physicians actively billing Medicare – 90% of fee-schedule billing
 - Half include other health professionals (e.g., nurse practitioners, physical therapists, chiropractors) – 10% of fee-schedule billing
- 97% of FFS Medicare beneficiaries received at least one fee schedule service in 2009

Contextual issues: primary care and SGR payment policies

- Enhancing access to primary care
 - More levers to promote primary care should be explored
- Modifying SGR payment policies
 - Mounting frustration from providers and their patients stemming from “temporary fixes” and looming cuts
 - Expenditure target approaches have both advantages and disadvantages

Payment adequacy indicators

- Beneficiaries' access to care
 - Capacity and supply of providers
 - Volume of services
- Quality of care
- Access to capital
- Payments and costs for 2011

MedPAC 2010 physician access survey: Beneficiaries (age 65+) and privately insured individuals (age 50-64)

- Most Medicare beneficiaries are able to get timely appointments and can find a new physician when they need one.
- Compared to privately insured individuals, Medicare beneficiaries report better physician access.
- Most people are not looking for a new physician.
 - Only 7% of Medicare beneficiaries and 7% of privately insured individuals looked for a new PCP in the past year.
 - For both groups, finding a new PCP was more difficult than finding a new specialist.

Access to physician services for minorities and rural residents

- Minorities in both insurance groups experienced more access problems than whites.
 - Medicare minorities reported better access compared with privately insured minorities.
- Rural Medicare beneficiaries reported better access than rural privately insured individuals.

Other patient surveys

- **CAHPS-FFS, 2010**

- 88% of beneficiaries: “always” or “usually” able to schedule timely appointments for routine care

- **MCBS, 2008**

- 95% of non-institutional beneficiaries have a usual source of care (doctor’s office or doctor’s clinic); 56% waited 9 or fewer days for most recent appt

- **Commonwealth Fund, 2007**

- Medicare beneficiaries (65+) reported fewer problems accessing medical care (from doctor or other medical health professional) and greater satisfaction compared with privately insured individuals

- **Center for Studying Health System Change, 2007**

- Medicare beneficiaries are less likely to report going without needed care or delaying care than privately insured individual

Physician surveys

- **NAMCS, 2008**

- 90% of physicians accepted (at least some) new Medicare patients
 - 83% of primary care physicians; 95% of specialists

- **Center for Studying Health System Change, 2008**

- Rate of physicians accepting “all” or “most” new patients:
 - Medicare: 74%; Private insurance: 87%; Medicaid: 53%
- Practice types more likely to accept new Medicare patients:
 - Medical and surgical specialists, rural practices, new physicians, group practices

- **Medical Group Management Association, 2010**

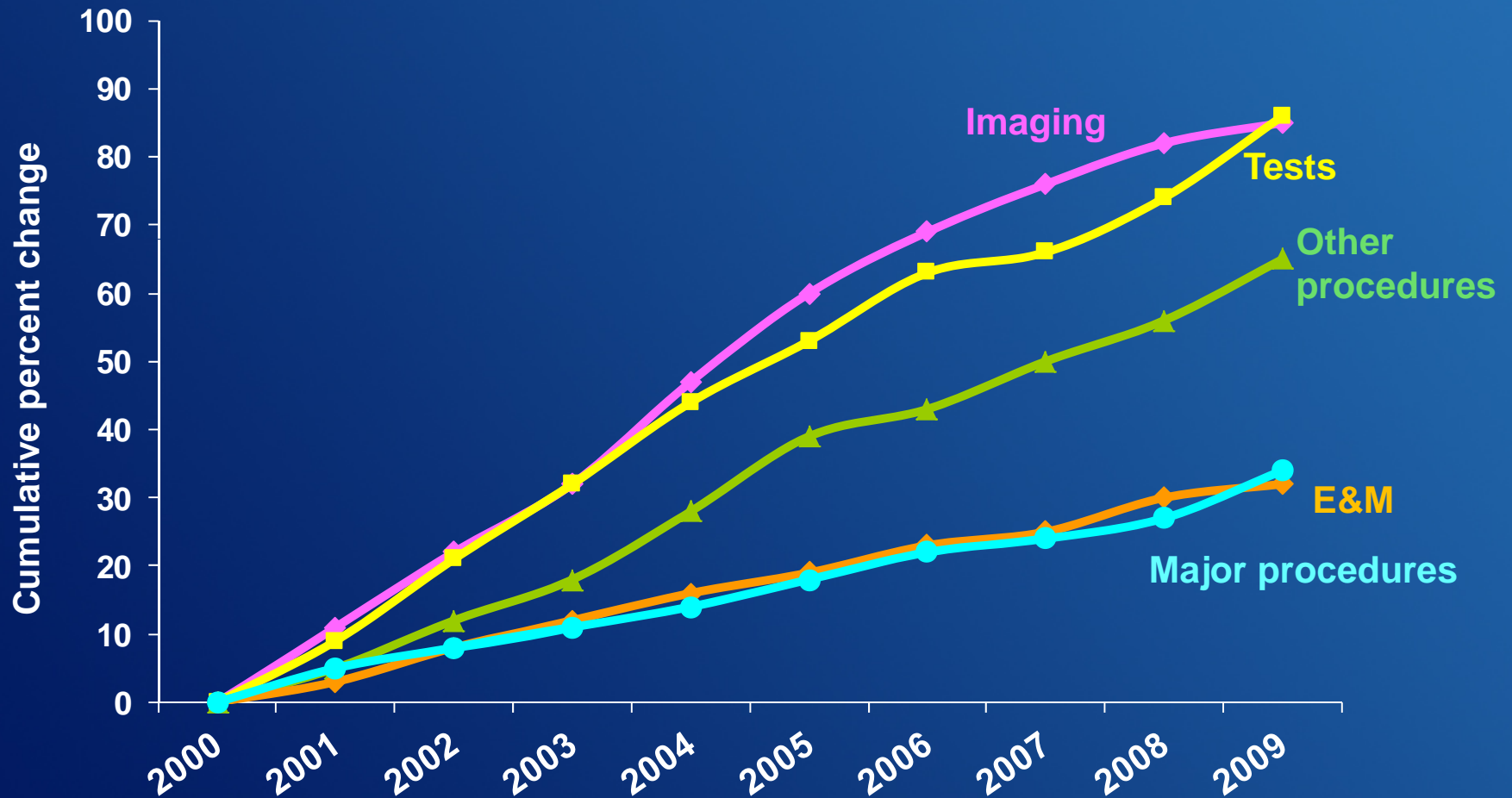
- 92% of medical group practices accept new Medicare patients
- 7% limit Medicare patients to established patients aging into Medicare
- 1% do not accept any Medicare patients

Most quality indicators were stable or improved from 2007 to 2009

Indicators	Number of indicators			Total
	Improved	Stable	Worsened	
ALL	19	16	3	38
Anemia	2	2	0	4
CAD	2	2	0	4
Cancer	2	4	1	7
CHF	5	3	0	8
COPD	1	0	1	2
Depression	0	1	0	1
Diabetes	6	1	0	7
Hypertension	0	0	1	1
Stroke	1	3	0	4

Source: MedPAC analysis of Medicare Ambulatory Care Indicators for the Elderly (MACIE) from the Medicare 5 percent Standard Analytic Files.

Volume of physician services per beneficiary continues to grow

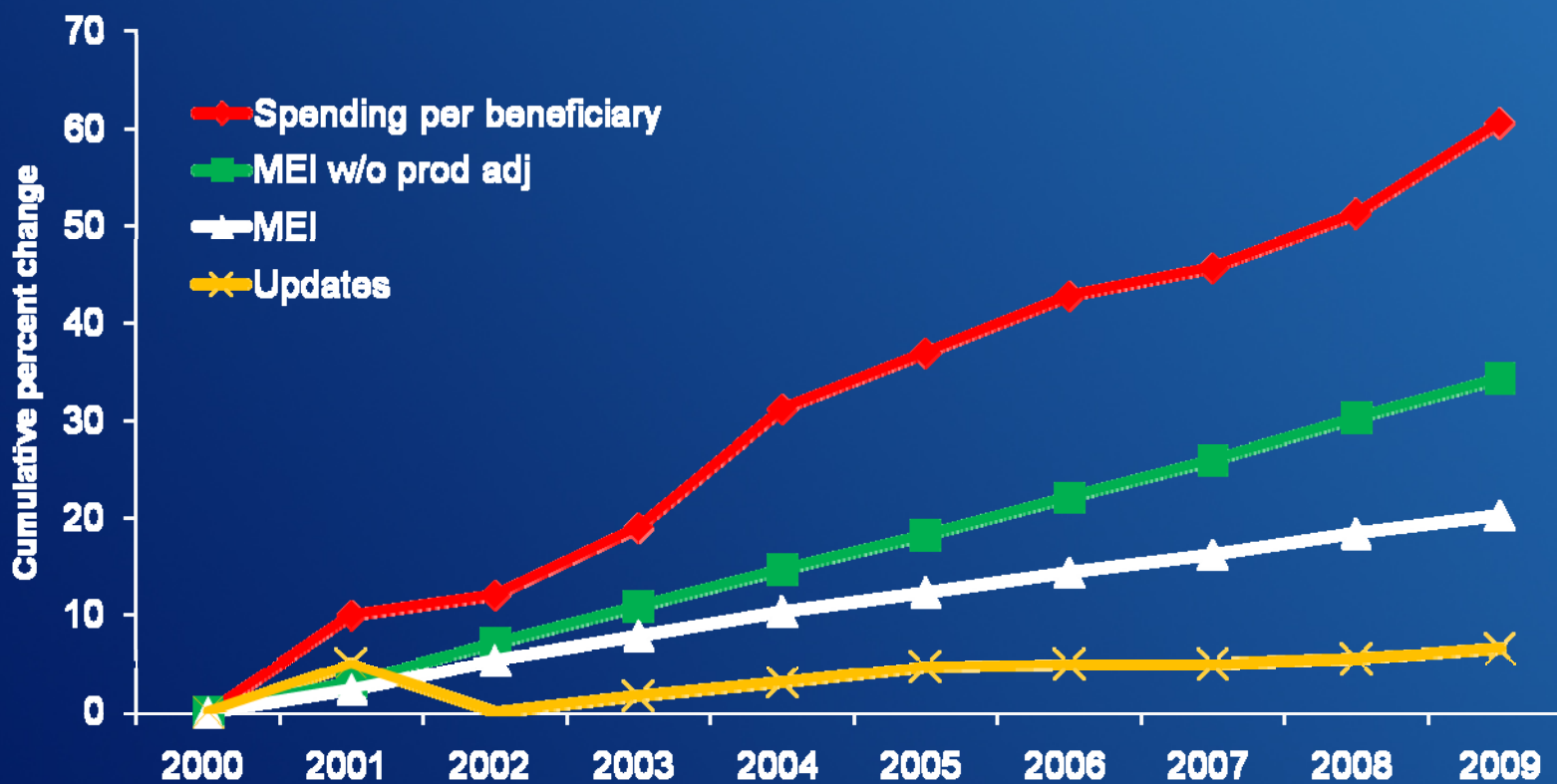


Note: (E&M Evaluation and management).
Source: MedPAC analysis of claims data for 100 percent of Medicare beneficiaries.

Other indicators

- Ratio of Medicare to private PPO rates continued at 80% for 2009 -- same as in previous year
- Among physicians and other practitioners billing Medicare, 95% are “participating” (accept Medicare’s fee schedule amounts as payment in full for all Medicare services)
- 99% of allowed charges were paid “on assignment” in 2009
- Medicare Economic Index (MEI) for 2012 is 0.7%.

Spending has grown faster than input prices or the updates



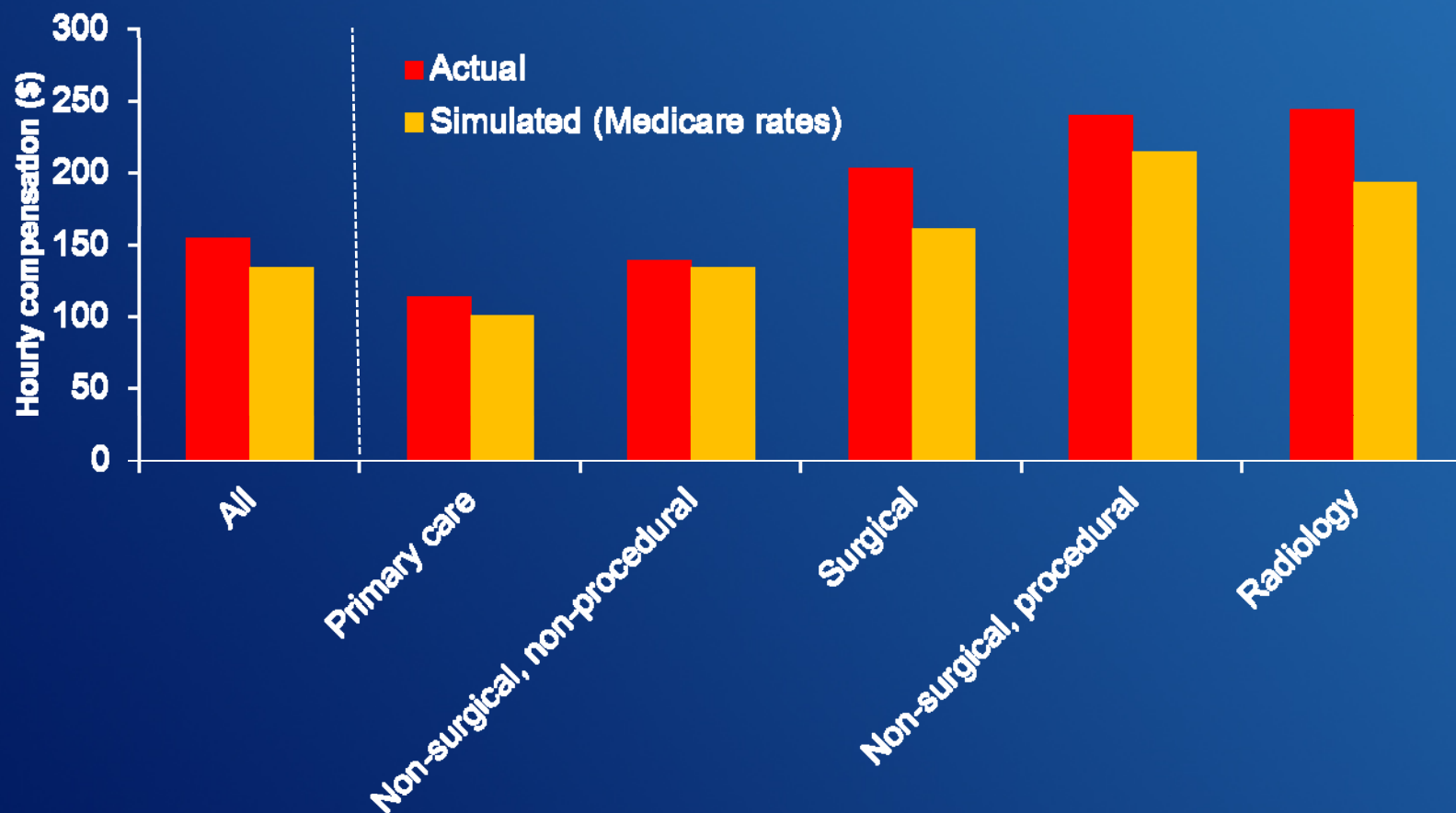
Note: MEI (Medicare Economic Index).

Source: 2010 trustees' reports, unpublished data from CMS, and OACT 2010.

Physician compensation as an indicator

- In the absence of cost reports: annual compensation after expenses
- Average for all physicians
 - \$273,000 (actual)
 - \$240,000 (simulated with Medicare rates)

Disparities in hourly compensation widest when primary care is compared to non-surgical proceduralists and radiologists



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