



*Advising the Congress on Medicare issues*

# Medicare's health professional shortage areas (HPSA) payment adjustment

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# Today's discussion

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- Rationale for reviewing the HPSA payment adjustment
- Definition of HPSA and Medicare's HPSA payment adjustment
- Issues with the HPSA designation and payment adjustment
- Next steps

# Mandated report on geographic practice cost index (GPCI) for work

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- Should fee schedule have a work GPCI?
- Evaluation framework: Spending, access, quality, advancing payment reform
- Access finding: GPCI's impact is unclear
- Instead of broad scale policies (e.g., floor on work GPCI), other policies can be more targeted

# Designation of HPSAs

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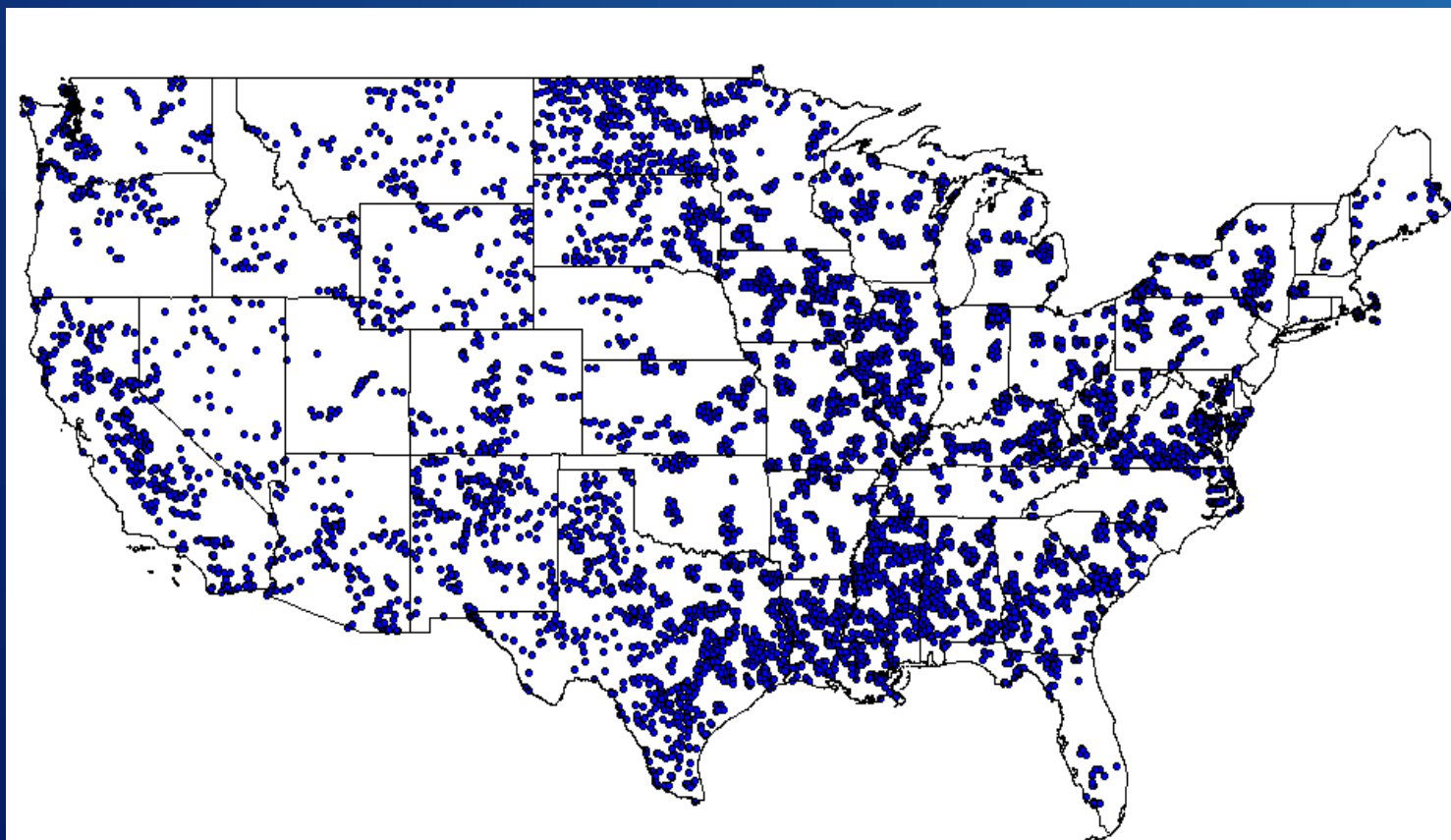
- Focus on supply
  - Ratio general population-to-practitioner  $\geq 3,500:1$
  - Lower ratio if other factors (e.g., infant mortality rate) apply
- Directs resources under 30 federal programs (e.g., National Health Service Corps)
- Not based on Medicare-specific measures

# HPSA payment adjustment

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- 10% bonus for services furnished in HPSA
  - Physicians' professional services
  - Psychiatrists' services (in primary care or mental health HPSA)
  - General surgeons' major procedures: (10% X 2)
- Eligibility limited to physicians
- Option for critical access hospitals
  - 15% above fee schedule for professional services
  - 10% additional adjustment if HPSA

# Location of primary care geographic HPSA areas, 2013

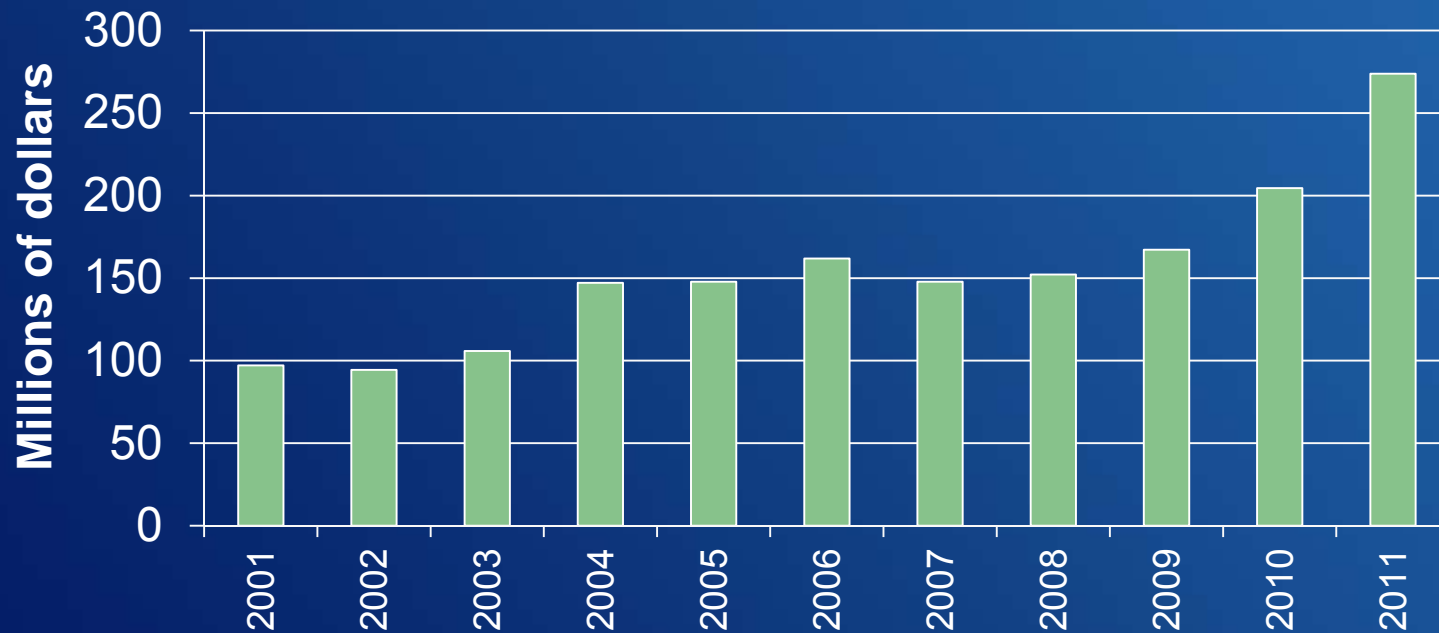


Note: Map excludes Hawaii and Alaska. Points represent zip codes included in whole-county HPSA areas or partial county HPSA areas. In these areas the Medicare payment adjustment is made automatically based on the zip code on the claim.

Source: CMS data file of zip codes automatically eligible for Medicare HPSA adjustment in 2013.

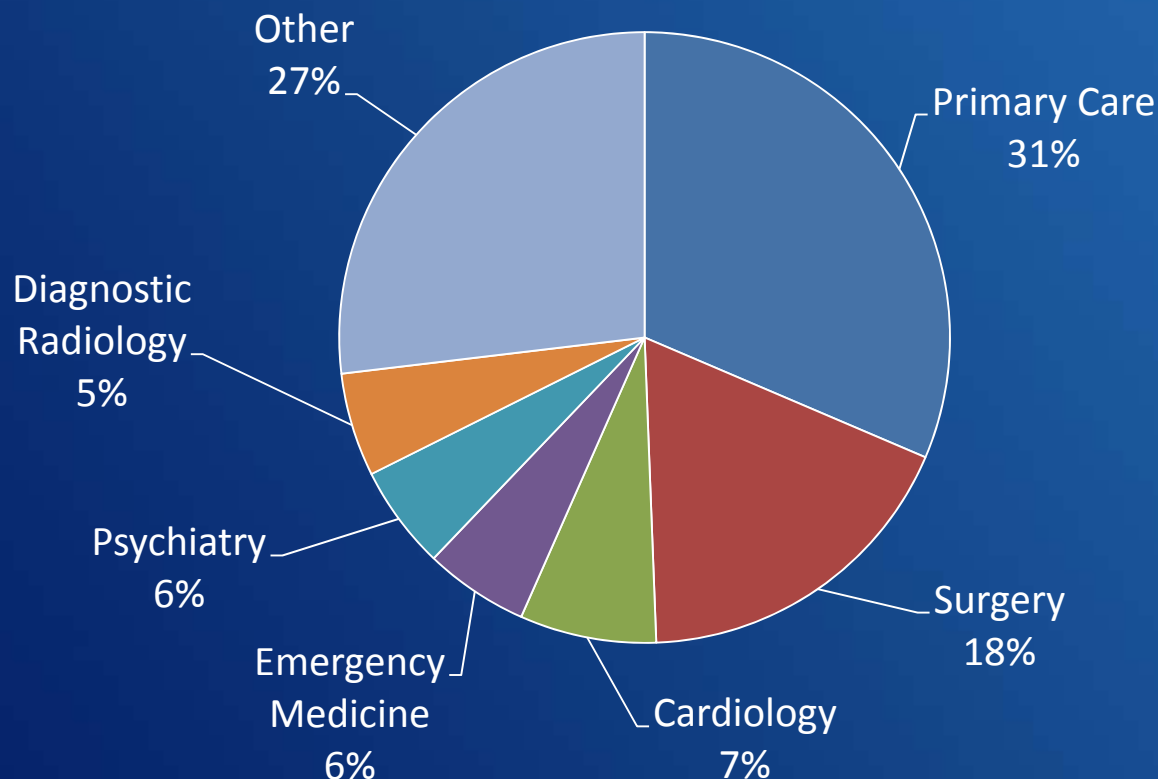
# HPSA bonus payments nearly tripled in last 10 years

**HPSA Payments totaled \$274 million in 2011**



Source: Centers for Medicare & Medicaid Services Office of Financial Management

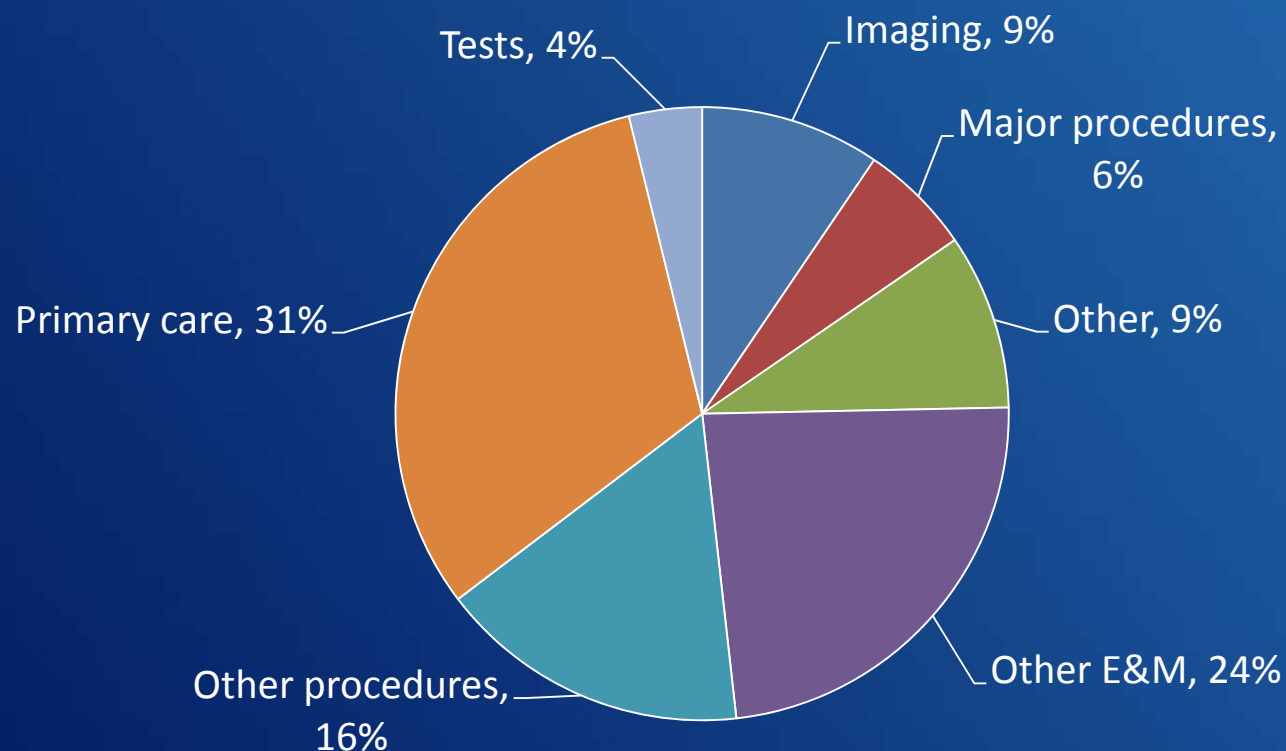
# Medicare's payment in HPSA areas in 2011—by specialty



Note: (HPSA) health professional shortage area. Primary care specialties are those eligible for the Primary Care Incentive Program: family practice, internal medicine, pediatrics, and geriatric medicine. Surgical specialties include general surgery, orthopedic surgery, ophthalmology, and others. These initial analyses exclude the payment adjustments for professional services billed by critical access hospitals under the optional method.



# Medicare's payment in HPSA areas in 2011—by type of service



Note: HPSA (health professional shortage area). Primary care services are services defined as such for the Primary Care Incentive Program: office visits, home visits, and visits to patients in certain nonacute facility settings (e.g., skilled nursing and intermediate care). These initial analyses exclude the payment adjustments for professional services billed by critical access hospitals under the optional method.

# Medicare's payment in HPSA areas— service use

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| Region       | Annual visits to physician office or outpatient facility per beneficiary |
|--------------|--|
| <b>Mean</b>  |  |
| HPSA         | 10.3   |
| Not HPSA     | 10.0   |
| <b>Range</b> |  |
| HPSA         | 8.1 to 12.4  |
| Not HPSA     | 7.6 to 12.2  |

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Note: HPSA (health professional shortage area). Analysis compares ZIP code areas in whole-county HPSAs and other areas. Range values compare the 10<sup>th</sup> percentiles and the 90<sup>th</sup> percentiles of service use.

Source: MedPAC analysis of beneficiary-level Medicare spending from the 2008 Beneficiary Annual Summary File.

# Issues: HPSA designation

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- Administrative process for designating and de-designating HPSA areas
  - No uniform national process for designation
  - Timeliness of removing HPSA designation
- HPSA does not count certain providers
  - Excludes advanced-practice nurses and physician assistants
  - Could substantially change the number of HPSAs and depth of shortage

# Issues: Medicare HPSA payment adjustment

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- HPSA not designed for Medicare program
  - Measure created for National Health Service Corps, used in about 30 other federal programs
  - Does not include measures specific to Medicare beneficiaries
- Payment adjustment does not apply to all practitioners
  - Excludes advanced-practice nurses and physician assistants

# Issues: HPSA and access for Medicare beneficiaries

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- HPSA focuses on supply, doesn't address differences in practice style, productivity or demand
- No or limited evidence to support a relationship between supply of ambulatory care providers and access to care for Medicare beneficiaries

# Next steps

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- HPSA
  - Pursue additional analyses?
- Define access to ambulatory care and how potential policy options would be targeted
  - Service use, beneficiary satisfaction, quality
- Pursue other payment mechanisms
  - Primary care incentive payment
  - Medical homes
  - Health centers