Per beneficiary payment for primary care: Continuation of the Commission's discussion

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MEDPAC

Recap of Commission's discussions on a per beneficiary payment for primary care

- Current Primary Care Incentive Payment
  - Bonus payment for primary care
  - Program expires at the end of 2015
- Payment for chronic care management
- Three meetings during last report cycle
  - Replacing bonus, per beneficiary payment
  - Design issues and funding
- Chapter in June 2014 report

Today's agenda

- Rationale for per beneficiary payment
- Review of Commission discussion to date
  - Payment amount for per beneficiary payment
  - Funding method for the payment
  - Practice requirements
  - Attributing beneficiaries to a practitioner
- Policy option to replace current primary care bonus with per beneficiary payment

Rationale for per beneficiary payment

- Primary care undervalued in fee schedule for physicians and other health professionals
- Physicians in some specialties receive compensation averaging more than double that of primary care
- Per beneficiary payment could replace expiring primary care bonus

Design issues for per beneficiary payment

- Payment amount
- Funding source
- Practice requirements
- Attributing a beneficiary to a practitioner

Payment amount

- Current primary care bonus
  - 10 percent bonus to primary care practitioners
  - Bonus payments totaled $664 million (2012)
  - 170,000 practitioners received bonus payments (20 percent)
- Bonus payment per practitioner
  - $3,400 on average
  - $9,300 average for top quartile of distribution

Payment amount (continued)

- Convert primary care bonus to a per beneficiary payment for primary care
  - $664 million
  - 21.3 million beneficiaries
  - $31 per beneficiary
- Beneficiary would not pay cost sharing

Possible sources of funding

- Redistribute payments within the fee schedule to primary care
- Sources of funds to redistribute
  - All services not eligible for current bonus
  - Overpriced services only

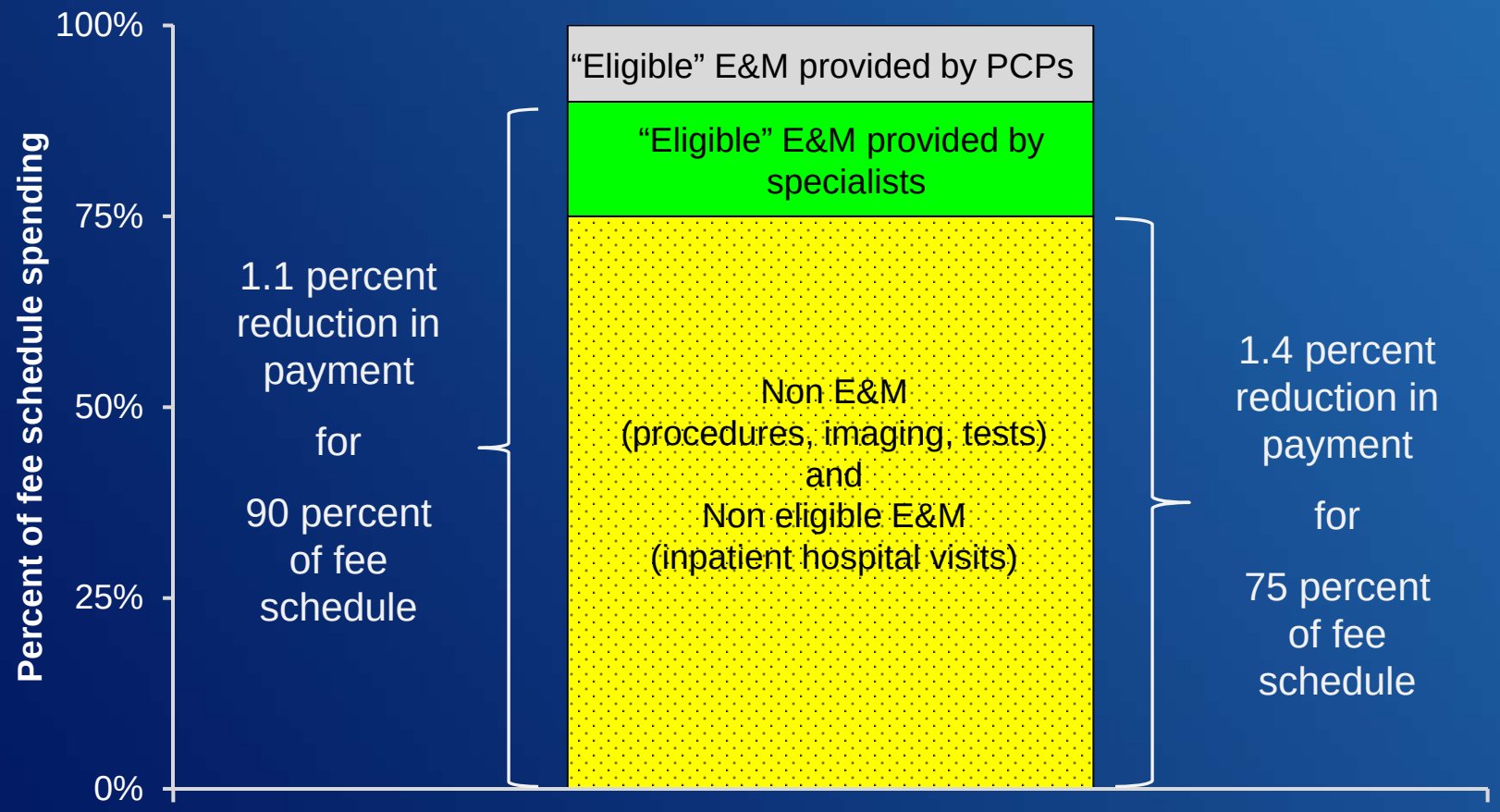
Issues with overpriced services as funding source

- Some savings from overpriced services used to override SGR
- Magnitude of savings changes from year to year
- If savings prove identifiable and sufficient, overpriced services could be reconsidered as a funding source in the future

Current primary care bonus: Eligible services and practitioners

- Eligible services
  - Subset of evaluation and management services
  - Office visits, nursing facility visits; excludes visits to inpatients
- Eligible practitioners
  - Family medicine physicians, general internists, nurse practitioners, and others
  - At least 60 percent of allowed charges from eligible primary care services

Fee schedule reduction as funding source



Note: E&M (evaluation and management services), PCPs (eligible primary care practitioners).

Practice requirements

- Payment would not be contingent on practice requirements
  - Initial payment amount would likely be modest
  - Evidence on the effect of practice requirements mixed
- Could revisit in the future
  - If payment amount increases and
  - If new evidence points to effective practice requirements

Attributing a beneficiary to a practitioner

- Prospective attribution
  - Attribution at beginning of year
  - Based on primary care services in previous year
- Retrospective attribution
  - Attribution at end of year
  - Based on primary care services in actual performance year

Prospective attribution

- Practitioners receive payment automatically without extra paperwork requirements
- Practitioners paid throughout the year, facilitating front-end investment in practice
- But, practitioners could be paid for beneficiaries no longer under their care

Attributing a beneficiary to a practitioner (continued)

- Continuity of beneficiary-practitioner relationship
  - Percent of beneficiaries cared for by same primary care practitioner
    - Within a year: 69%
    - From year to year: 60%
- Practitioners care for about the same *number* of beneficiaries from year to year
- Any changes in panel size reflected in attribution for next performance year

A policy option: Per beneficiary payment to replace expiring bonus

- Payment amount set at the level of the current bonus
- Funded by reducing fees for all services not eligible for the current bonus
- Payable for beneficiaries prospectively attributed to practitioners
- Payment not contingent on practice requirements