

# Per beneficiary payment for primary care

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# Overview

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- Recap of December meeting discussion on payment for primary care
- Draft recommendation to establish a per beneficiary payment for primary care
- Brainstorm options for next steps for Commission work on payment methods for primary care

# Recap of discussion at December meeting

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- Support for Chairman's draft recommendation
- Make clear Commission's rationale for recommendation
- Emphasize that per beneficiary payment exempt from beneficiary cost sharing
- Commission expressed interest in further work on payment methods for primary care

# Rationale for draft recommendation

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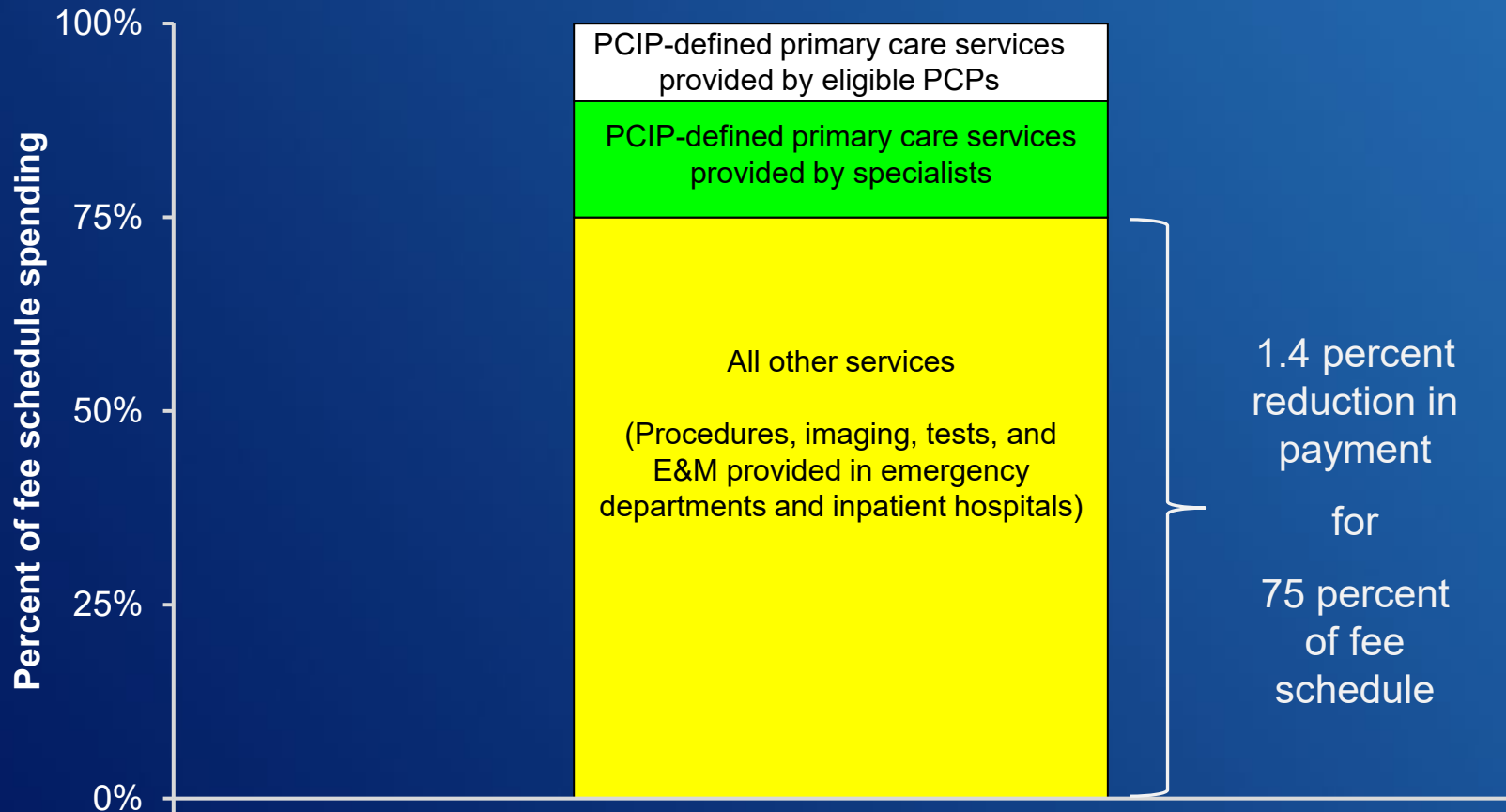
- Primary care is undervalued
  - Compensation much less than other specialties
  - Discourages clinical careers in primary care
  - Long-run: Beneficiary access at risk
- Primary care bonus expires at year's end
  - Similar to 2008 Commission recommendation
  - Allowing bonus to expire sends wrong signal
- Continue additional payments but in form of per beneficiary payment

# Design features of a per beneficiary payment

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- Payment amount set at the level of the current bonus
- Payable for beneficiaries prospectively attributed to practitioners
- Payment not contingent on practice requirements
- Payment exempt from beneficiary cost sharing
- Funded by reducing fees for services other than PCIP-defined primary care services

# Funding from services other than PCIP-defined primary care services



Note: PCIP (Primary Care Incentive Payment program), PCPs (Primary care practitioners), E&M (evaluation and management services).

# Draft recommendation

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The Congress should establish a prospective per beneficiary payment to replace the Primary Care Incentive Payment program (PCIP) after it expires at the end of 2015.

The per beneficiary payment should equal the average per beneficiary payment under the PCIP and should be exempt from beneficiary cost sharing.

Funding for the per beneficiary payment should protect PCIP-defined primary care services regardless of the practitioners furnishing the services and should come from reduced fees for all other services in the fee schedule.

# Implications of draft recommendation

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- **Spending:** As a budget-neutral policy, the per beneficiary payment would not affect federal spending relative to current law.
- **Beneficiaries and providers:** The recommendation would redistribute fee schedule payments from specialty care to primary care, thereby continuing to signal support for primary care. Providers could use the payment to improve care delivery, care coordination, and access to primary care services.



# Discussion

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- Draft recommendation
- Brainstorm options for next steps for Commission work on payment methods for primary care

# Next steps on primary care

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- Concerns about payment for primary care
  - Physicians in some specialties compensated at rates more than double that of primary care
  - Procedural services can become overpriced due to technology advances and other factors
  - Commission contractor confirmed feasibility of validating fee schedule's relative value units
  - Fee-for-service ill-suited as payment mechanism for ongoing, coordinated care

# Next steps on primary care (continued)

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- Previous Commission recommendations
  - Establish budget-neutral primary care bonus
  - Encourage Secretary to undertake medical home pilot
  - Identify overpriced services and adjust fees
  - Repeal SGR and rebalance fee schedule with higher updates for primary care than for other services