

# Assessing payment adequacy and updating payments: Physician and other health professional services

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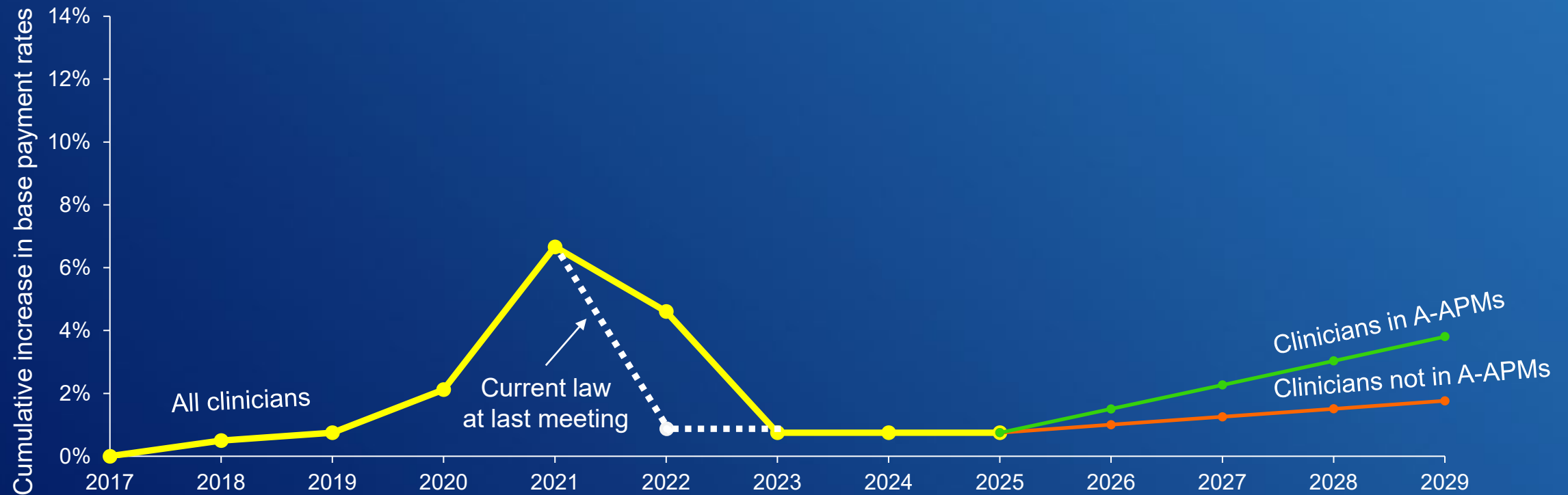
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# Background: Medicare Physician Fee Schedule

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- Payment rates for 8,000 clinician services delivered in a variety of settings (e.g., doctors' offices, hospitals)
- In 2020, Medicare paid \$64.8 billion to 1.3 million clinicians, a decline of \$8.7 billion from 2019
- Clinicians have received tens of billions of dollars in pandemic relief funds and more flexibility to provide telehealth
- Current law: No update to base payment rate in 2023, but
  - +/- performance-based adjustment for clinicians in MIPS
  - 5% bonus for clinicians in advanced alternative payment models (A-APMs)

# Congress temporarily raised physician fee schedule payment rates for 2020-2022



Note: A-APMs (advanced alternative payment models). Graph shows the percent increase in physician fee schedule base payment rates, compared to 2017 payment rates, under current law. Graph does not show annual MIPS adjustments, which can increase or decrease payments to individual clinicians based on performance measures, or annual 5 percent A-APM bonuses available from 2019 to 2024 because these adjustments are one-time and not built into subsequent years' payment rates. Graph also does not show adjustments to ensure that changes to the fee schedule's work relative value units are budget neutral. Graph is preliminary and subject to change.

Source: MedPAC analysis of the Medicare Access and CHIP Reauthorization Act of 2015, the Bipartisan Budget Act of 2018, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Consolidated Appropriations Act, 2021, An Act to Prevent Across-the-Board Direct Spending Cuts, and for Other Purposes, and the Protecting Medicare and American Farmers from Sequester Cuts Act.

# Commission's prior work to increase payments for primary care services

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- CMS should regularly collect data to establish more accurate prices for clinician services (recommended Oct. 2011)
- Congress should establish a per beneficiary payment for primary care clinicians (recommended March 2015)
- Explored rebalancing physician fee schedule by increasing rates for ambulatory E&M visits and reducing rates for other services (June 2018)
  - 10% increase in rates for E&M visits could be offset by 3.8% reduction in rates for all other services to achieve budget neutrality

# CMS substantially increased Medicare payment rates for E&M office/outpatient visits in 2021

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- RUC recommended that CMS increase work RVUs for E&M office/outpatient visits (2019)
- CMS increased RVUs for these visits in a budget-neutral manner for 2021
- We supported CMS's decision in our comment letter on proposed rule
- In final rule for 2021, CMS estimated that total fee schedule payments would increase for primary care and decrease for many specialists
  - Family practice: +13%, PA: +8%, NP: +7%, Internal medicine: +4%
  - Radiology: -10%, Pathology: -9%, Anesthesiology: -8%, Cardiac/thoracic surgery: -8%
- Congress reduced size of cuts to specialists by raising total fee schedule rates in 2021 and 2022 and delaying a new add-on code for E&M visits
  - As a result, impacts by specialty were smaller

# Commission's work on expanding the supply of primary care physicians

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- Discussion of potential student loan repayment program for primary care physicians (June 2019)
- Findings from interviews with experts on ways to attract more physicians to primary care (Nov. 2019 presentation)
- Ongoing work on the role of geriatricians in Medicare

# Summary: COVID affected payment adequacy indicators for clinician services, but they remained generally positive



## Beneficiaries' access to care

- Beneficiaries' care experiences are comparable to privately insured people and to pre-pandemic years
- Number of clinicians stable
- Volume of clinician encounters per beneficiary declined in 2020 due to pandemic



## Quality of care

- Wide variation in rates of ambulatory care-sensitive hospitalizations and ED visits
- Patient experience scores remain high
- Difficult to assess quality in 2020 due to pandemic



## Clinicians' revenues and costs

- Medicare payments to clinicians declined by \$9B in 2020, but clinicians received tens of billions of dollars in relief funds
- Medicare payments per beneficiary decreased during 2020, then rebounded
- MEI expected to grow 1.8% in 2023
- Commercial payment rates exceed Medicare's rates
- Physicians' compensation increased from 2019 to 2020 despite the pandemic