

Addressing Medicare payment differences across settings: Ambulatory care services

ISSUE: Medicare payment rates are higher for most services if they are provided in a hospital outpatient department (OPD) or a provider-based entity than if they are provided in a freestanding physician practice. Consequently, as more physicians become employed by hospitals, more services will be provided in OPDs, which will result in higher Medicare program spending and beneficiary cost sharing.

KEY POINTS: In previous analyses, we evaluated making Medicare payment rates for evaluation and management (E&M) office visits equal whether they are provided in OPDs or freestanding practices. At the October meeting, we evaluated other services (besides E&M visits) that could have equal payment rates across settings or at least have smaller differences than currently exist. At this meeting, we will present additional analyses requested by the Commission.

ACTION: Commissioners should provide guidance on the direction staff should take on this analysis.

STAFF CONTACT: Dan Zabinski, Ariel Winter (202-220-3700)