Updates to the methods used to assess the adequacy of Medicare payments for physician and other health professional services

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Indicators of payment adequacy for physicians and other health professionals

- Beneficiaries’ access to care
- Quality
- Medicare payments and providers’ costs

Updates

1. Supply of providers
2. Volume of services
### Definition and role of hospitalists

#### Definition of hospitalists
- Physicians whose main focus is the general medical care of hospitalized patients

#### History and current role
- First structured program created in 1994
- Monitor the progress and tend to the needs of hospital inpatients
- Allow primary care and other physicians to focus on office-based care
Factors that may influence decisions to become hospitalists

<table>
<thead>
<tr>
<th>Training</th>
<th>Salary</th>
<th>Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitalists are usually board certified in internal medicine</td>
<td>Hospitalists earn substantially more than primary care physicians (PCPs)</td>
<td>Hospitalists’ schedules are more predictable and may be more amenable to a work-life balance</td>
</tr>
</tbody>
</table>
Share of third-year internal medicine residents who plan to become hospitalists increased rapidly.

Percent of third-year internal medicine residents

<table>
<thead>
<tr>
<th>Year</th>
<th>General Internal Medicine</th>
<th>Hospitalist</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>23%</td>
<td>9%</td>
</tr>
<tr>
<td>2011</td>
<td>23%</td>
<td>9%</td>
</tr>
<tr>
<td>2012</td>
<td>23%</td>
<td>9%</td>
</tr>
<tr>
<td>2013</td>
<td>23%</td>
<td>9%</td>
</tr>
<tr>
<td>2014</td>
<td>23%</td>
<td>9%</td>
</tr>
<tr>
<td>2015</td>
<td>23%</td>
<td>9%</td>
</tr>
<tr>
<td>2016</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>2017</td>
<td>19%</td>
<td>11%</td>
</tr>
<tr>
<td>2018</td>
<td>19%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Numbers do not sum to 100 percent because some categories are not shown.

Source: Internal Medicine In-Training Examination Survey. American College of Physicians.

Results preliminary; subject to change.
Implications of hospitalists for our assessment of payment adequacy

Tracking primary care physicians

Used for indicator of access to primary care
Four self-designated specialties:
- Internal medicine
- Family practice
- Geriatrics
- Pediatrics

Nearly all hospitalists have been included in our count of PCPs because they self-designated as internal medicine
New hospitalist specialty designation allows us to distinguish hospitalists from PCPs

- A new specialty designation for hospitalists was created in 2017

1. Studied self-designated hospitalists in 2017 to better understand their billing patterns

2. Distinguished hospitalists from primary care physicians going back to 2010
Large growth in estimated number of hospitalists

Count of PCPs lower after excluding hospitalists

- We estimate about 1 in 5 physicians we previously considered PCPs are hospitalists.

Prior estimate (including hospitalists) from 2010 to 2017:
- 2010: 165,565
- 2011: 186,193
- 2012: 135,683 (New estimate (excluding hospitalists))
- 2013: 140,290
- 2014:
- 2015:
- 2016:
- 2017:

Note: Counts limited to PCPs who billed for more than 15 unique beneficiaries in a given year. PCP (primary care physician).
Results preliminary; subject to change.
Beneficiary access to care has been adequate

- Revised counts of PCPs do not change the conclusion that beneficiary access to care has remained adequate

- Results from the Commission’s annual beneficiary survey
  - Less likely to wait longer than they wanted for routine care than privately insured
  - No large changes in trouble accessing PCPs
  - Access to PCPs has remained as good as or better than privately insured
Growth in number of PCPs slower after excluding hospitalists

Note: Counts limited to PCPs who billed for more than 15 unique beneficiaries in a given year. PCP (primary care physician).


Results preliminary; subject to change.
Updates to the Commission’s physician fee schedule volume analysis

- Beneficiaries’ access to care
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Updates

1. Supply of providers
2. Volume of services
Background on MedPAC’s traditional volume analysis

MedPAC’s traditional volume analysis:

**Volume = number of services × RVUs**

### Why we measure volume?
- We use volume as a measure of access and to help determine the drivers of increased spending (e.g., more services or more complex services)

### Sensitivities in volume measure
- Sensitive to shifts in the site of service
- Some negative volume trends because RVUs “disappear” from volume analysis
When a CT service shifts from the physician office to the HOPD, some RVUs “disappear” from the fee schedule volume analysis.

Note: This figure reflects HCPCS code 70450 (corresponding to APC 5522). CT (computed tomography), PLI (professional liability insurance), RVU (relative value unit), HOPD (hospital outpatient department).

Source: Centers for Medicare & Medicaid Services.
## Two new analyses replace current volume analysis

<table>
<thead>
<tr>
<th>Access measure:</th>
<th>Spending measure:</th>
</tr>
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<tbody>
<tr>
<td>Encounters with clinicians</td>
<td>Allowed charges</td>
</tr>
<tr>
<td>Does not take into account number or complexity of services per encounter</td>
<td>Allowed charges are a function of number of services, RVUs, and other factors (e.g., conversion factor)</td>
</tr>
<tr>
<td>Not as sensitive to shifts in site of service</td>
<td>Similar to Commission's hospital outpatient department spending measures</td>
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**RVUs (relative value units)**
Total beneficiary encounters increased but large differences exist between types of clinicians

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total</td>
<td>20.4</td>
<td>21.1</td>
<td>0.8 %</td>
</tr>
<tr>
<td>Primary care physicians</td>
<td>4.1</td>
<td>3.7</td>
<td>-3.0 %</td>
</tr>
<tr>
<td>Specialist physicians</td>
<td>12.3</td>
<td>12.4</td>
<td>0.3 %</td>
</tr>
<tr>
<td>APRNs and PAs</td>
<td>1.1</td>
<td>1.8</td>
<td>13.1 %</td>
</tr>
<tr>
<td>Other practitioners</td>
<td>2.5</td>
<td>2.8</td>
<td>3.1 %</td>
</tr>
</tbody>
</table>

Note: Hospitalists are included in the specialist physicians category. Numbers do not sum to totals because encounters with non-clinician suppliers are included in the totals but are not listed separately. Percentages calculated from unrounded numbers. APRN (advanced practice registered nurse), PA (physician assistant), FFS (fee-for-service).


Results preliminary; subject to change.
Per beneficiary change in allowed charges by type of service, 2016-2017

- All services: 1.6%
- E&M: 1.8%
- Imaging: 0.5%
- Major procedures: 1.7%
- Other procedures: 1.5%
- Tests: 1.4%

Note: Evaluation and management (E&M).

Results preliminary; subject to change.
Conclusions and Commission discussion

Conclusions

- Lower *absolute number* of PCPs does not change previous conclusions that beneficiaries maintained adequate access to care
- Flat or declining *trend* in PCPs reinforces Commission’s concern about future pipeline

Discussion

- Feedback on planned methodological changes
- Staff will present ongoing work about PCP pipeline at the November meeting