Mandated report: Clinician payment in Medicare

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MEDPAC

Presentation outline

- Background and mandate
- Clinician payment rates and indicators
- MedPAC's payment adequacy framework
- Implications of the Commission's yearly payment adequacy assessment for the mandate

The Medicare Access and CHIP Reauthorization Act of 2015

- Repealed the sustainable growth rate formula
- Established permanent statutory updates for clinician services
- Created incentive payments for clinicians in certain models
- Established a new value-based purchasing program

Mandated report

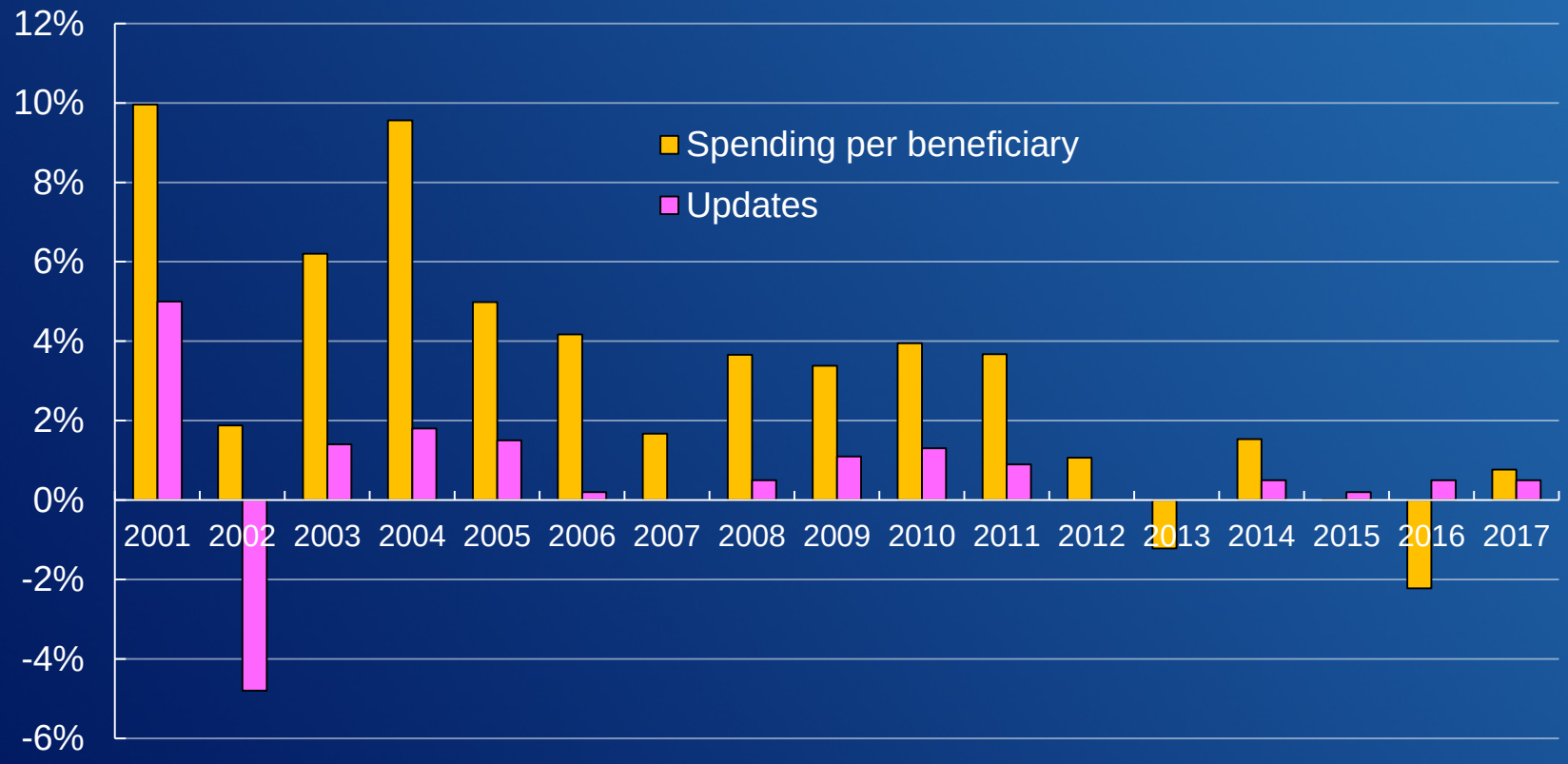
- Requires MedPAC to consider the effect of the statutory updates for 2015-2019 on:
  - Efficiency and economy of care
  - Supply
  - Access
  - Quality
- And make recommendations for future updates necessary to ensure beneficiary access to care
- Data not yet available for 2018 and 2019, so supplemented with material from the past decade
- Presentations today and spring 2019, chapter in the June 2019 report to the Congress

Efficiency and economy: Medicare payment updates and spending

- Medicare pays for clinician services using a fee schedule of more than 7,000 discrete services
- Payment updates apply to the fee schedule's conversion factor
- Policy adjustments affect spending
  - Clinician type, shortage area, participating provider, quality programs
- Site-of-service shifts affect spending
  - Lowers physician fee schedule spending, but increases total Medicare spending

Efficiency and economy: Payment updates and spending

Year-over-year change in per-beneficiary spending for clinician services and payment updates

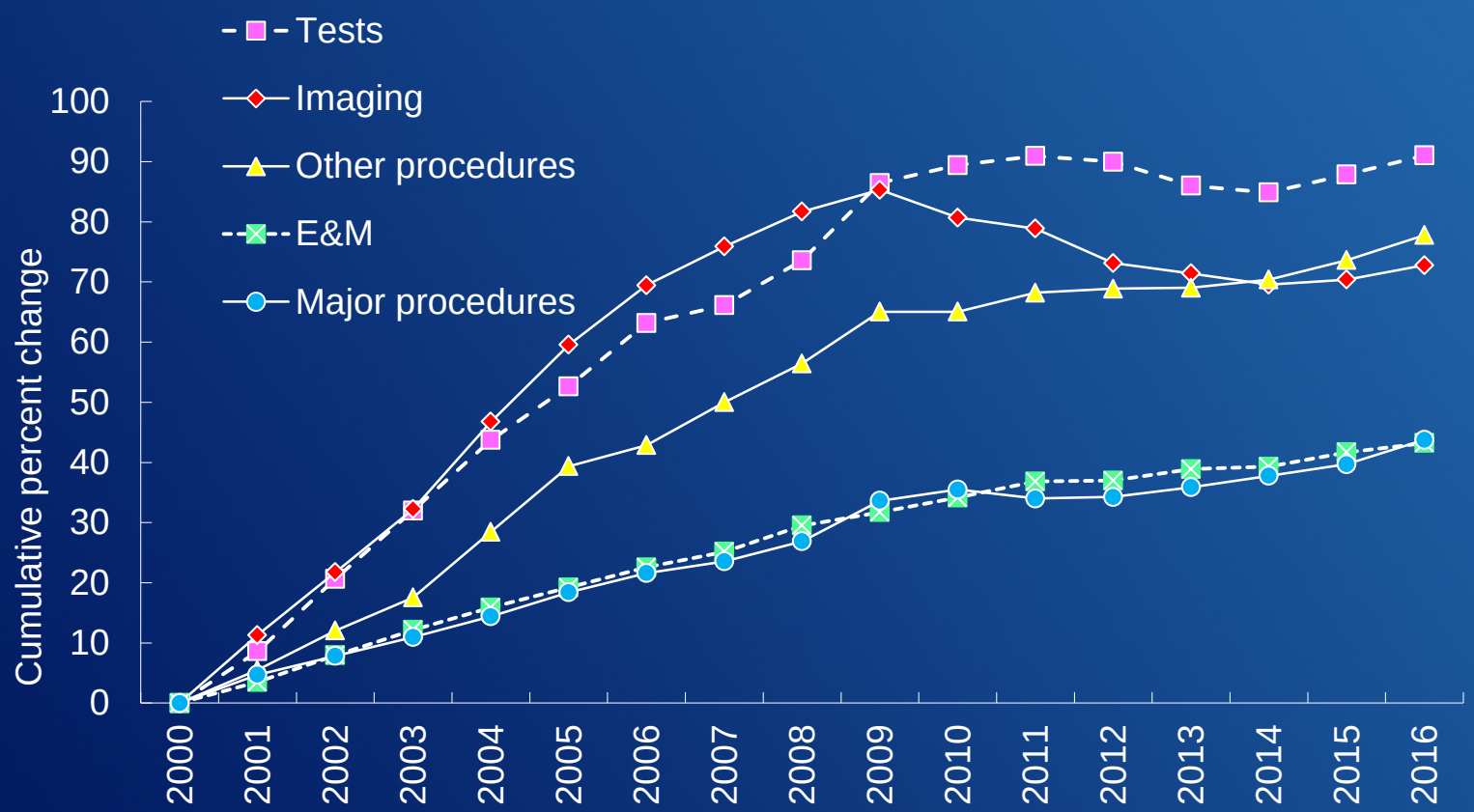


Source: 2017 annual report of the Boards of Trustees of the Medicare trust funds.
Data preliminary and subject to change.

Evidence of the effect of payment changes on volume

- Considering the effect of payment changes on the volume and intensity of clinician services
- Two potential explanations of behavior
  - Payment reductions lead to a decrease in volume and intensity, or
  - Payment reductions lead to an increase in volume and intensity (also called a volume offset)
- Some empirical evidence for both explanations
- Effect likely varies by specific services, clinician specialties, payer mix, and size and type of the payment adjustment

Volume growth varies by type of service



Note: E&M (evaluation and management).
Source: MedPAC analysis of claims data for 100 percent of Medicare beneficiaries.
Data preliminary and subject to change.

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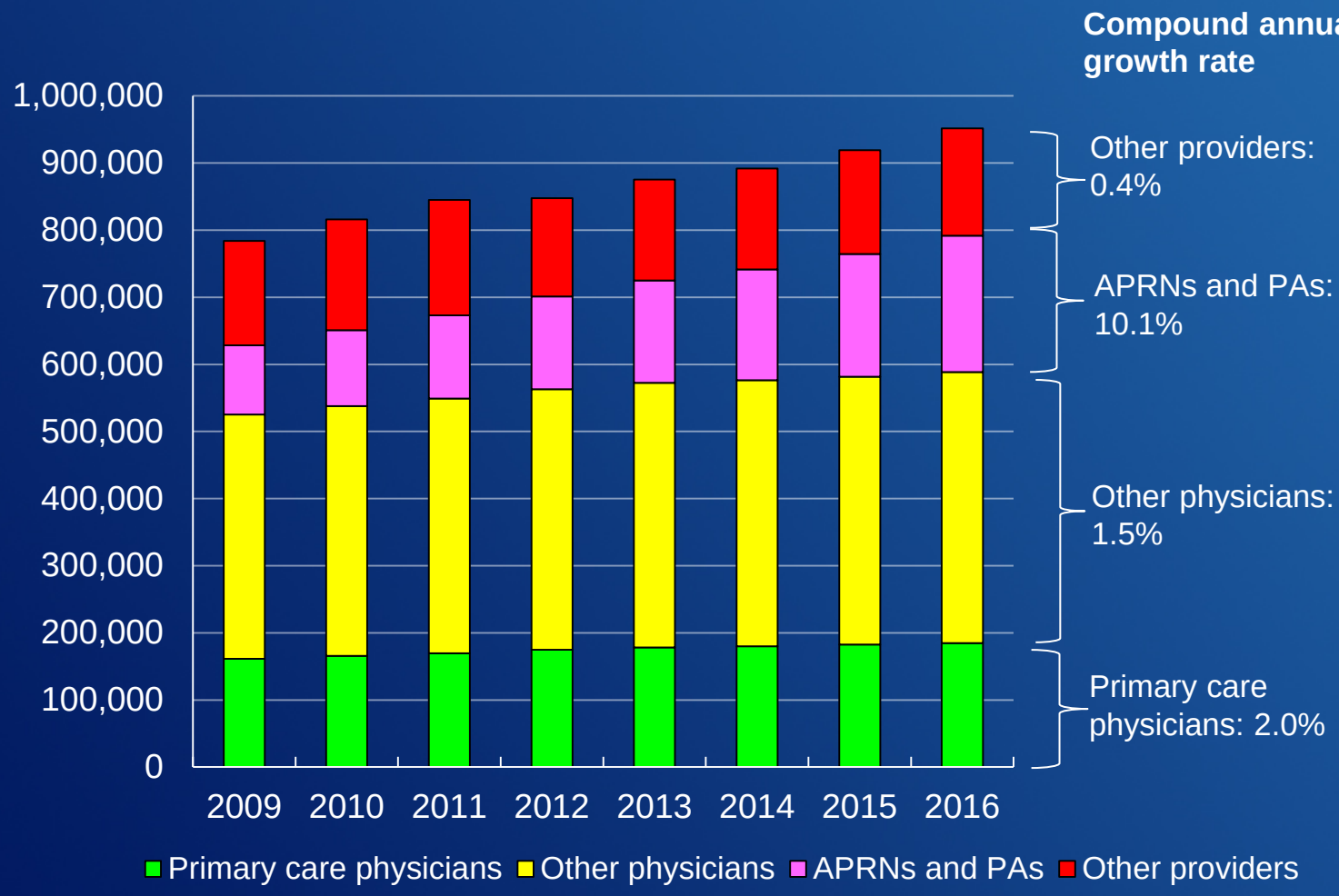
Supply: Number of clinicians billing Medicare



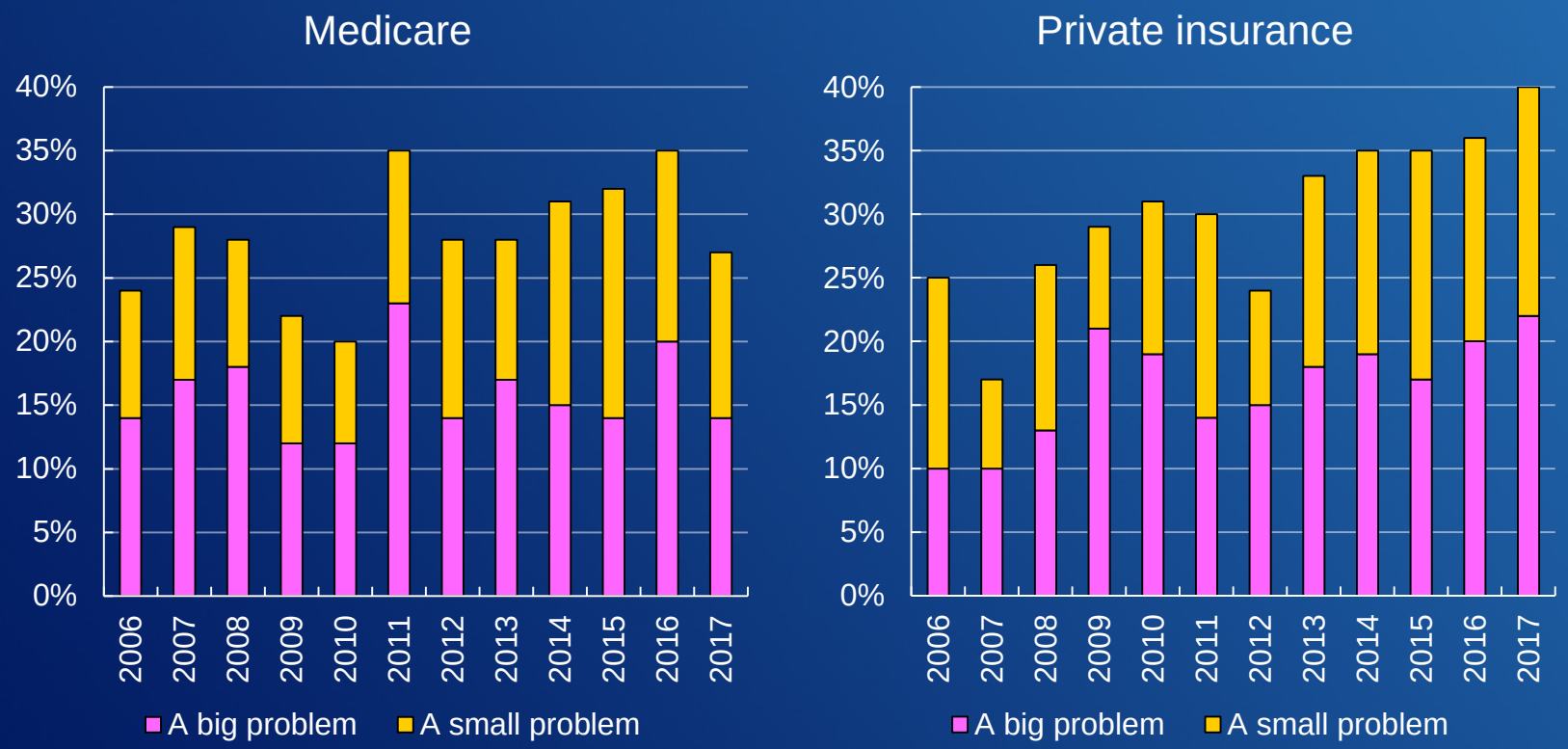
Note: APRN (advanced practice registered nurses), PA (physician assistant)
Source: MedPAC analysis of claims data for 100 percent of Medicare beneficiaries. Data preliminary and subject to change.

Payment changes and access to care

- Little evidence that Medicare payment changes have affected direct measures of patient access to care
- In the Commission's yearly access survey, there is little difference between Medicare beneficiaries and individuals with private insurance
- But private insurance prices for clinician services are much higher than Medicare and have grown much more rapidly over the past decade
- To date, these payment differentials have not resulted in a difference in patient access
- Overall, Medicare access is comparable to or better than access for the privately-insured

Access: Comparable between Medicare beneficiaries and privately-insured individuals

Share of respondents looking for a new primary care physician that report problems finding one



Note: The share looking for a new doctor is 10 percent for primary care. The share facing a problem obtaining a new primary care doctor in 2017 is 2.5 percent for Medicare and 4.4 percent for private.
Source: MedPAC-sponsored telephone surveys, 2006-2017.
Data is preliminary and subject to change.

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Quality

- Little evidence that higher payments translate directly to higher quality in the clinician sector
- Medicare current quality program for clinicians
  - Granular, burdensome, not comparable across clinicians, unlikely to be successful
  - Led Commission to recommend repealing the Merit-based Incentive Payment System
- MedPAC's payment adequacy assessment reports on trends in selected population-based measures
- Conclusion has been that quality is indeterminate

MedPAC's payment adequacy framework tries to balance three priorities

- Ensuring the program provides beneficiaries with access to high-quality care in an appropriate setting
- Assuring the best use of Medicare taxpayer and beneficiary dollars
- Giving providers an incentive to supply efficient, appropriate care and paying equitably

The payment adequacy framework applied to the clinician sector

Element of the framework	Clinician sector
Beneficiary access	Direct: MedPAC beneficiary access surveys, other surveys Indirect: Clinicians billing Medicare Indirect: Volume of services
Access to capital	Not applicable (many small or independent practices)
Quality	Population-based avoidable hospitalization measures, rates of low-value care
Medicare's payments and providers' costs	Medicare Economic Index, ratio of Medicare payments to private PPO payments, physician compensation (no cost data=no margin analysis)

Summary

- Considering payment rates and payment adequacy indicators
  - Variable volume growth by type of service
  - Increasing number of clinicians billing Medicare
  - Generally stable access to care
  - Medicare beneficiaries have comparable or slightly better access than for privately-insured individuals
  - Quality indeterminate
- Small updates did not result in worsening payment adequacy indicators for the clinician sector
- Very little consistent relationship between updates and indicators

Considering the mandate in the context of the payment adequacy assessment

- Mandate asks us to consider future updates needed to ensure adequate access to care
- MedPAC's statutory payment adequacy assessment allows us to best meet the Congress's needs
  - Incorporates the most current data
  - Conducted every year

Conclusion

- Second presentation in the spring with updated data and a site-of-service adjusted volume analysis
- Finalized as a chapter in the June 2019 report to the Congress
- Questions about the material?
- Guidance for additional information or analyses?