



*Advising the Congress on Medicare issues*

# Mandated report: Relationship between physician and other health professional services and other Medicare services

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# Mandated study

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- Section 101(a)(3) of the MACRA
- MedPAC must submit a report on the relationship between
  - Physician and other health professional (clinician) services and
  - Services under Parts A, B, and D of Medicare
  - Evaluate relationship of both program spending and service use
- Initial report due July 1, 2017
- Final report due July 1, 2021

# Overview

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- Analysis has two broad parts
  - Relationship between clinician services and Part A and Part B services
  - Relationship between clinician services and Part D drugs
- Correlation is a key concept
  - Positive correlation: Clinician services and all other Part A, B, and D services are complements
  - Negative correlation: Clinician services and all other Part A, B, and D services are substitutes

# Program spending and service use are different measures

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- Program spending: Monetary outlays by Medicare
  - Differences in prices and health status can cause spending to differ between regions or years
- Service use
  - Based on spending
  - Removes effects of differences in prices, demographics, and health status
  - Reflects volume and service intensity

# Unit of analysis

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- Limited analysis to FFS beneficiaries
- Evaluated service use over time at national level and within years at level of 'MedPAC units'

# Program spending on clinician and all Part A and Part B services

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- In both 1993 and 2013, clinician services were 19.1% of program spending on all Part A and Part B services (Trustees)
  - This percentage fluctuated over the 1993-2013 period
  - Stable in recent years: 19.3% in 2008, 19.1% in 2013
- Caveat: Service use more meaningful than unadjusted spending

Data are preliminary and subject to change

# Use of clinician services as percent of all Part A and Part B services

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- Analysis of service use
- Analyzed change from 2008 through 2013
- Used carrier services as proxy for clinician services (which are 90% of carrier services)
- Carrier services as share of all Part A and Part B services has increased slightly
  - 24.4% in 2008
  - 26.3% in 2013

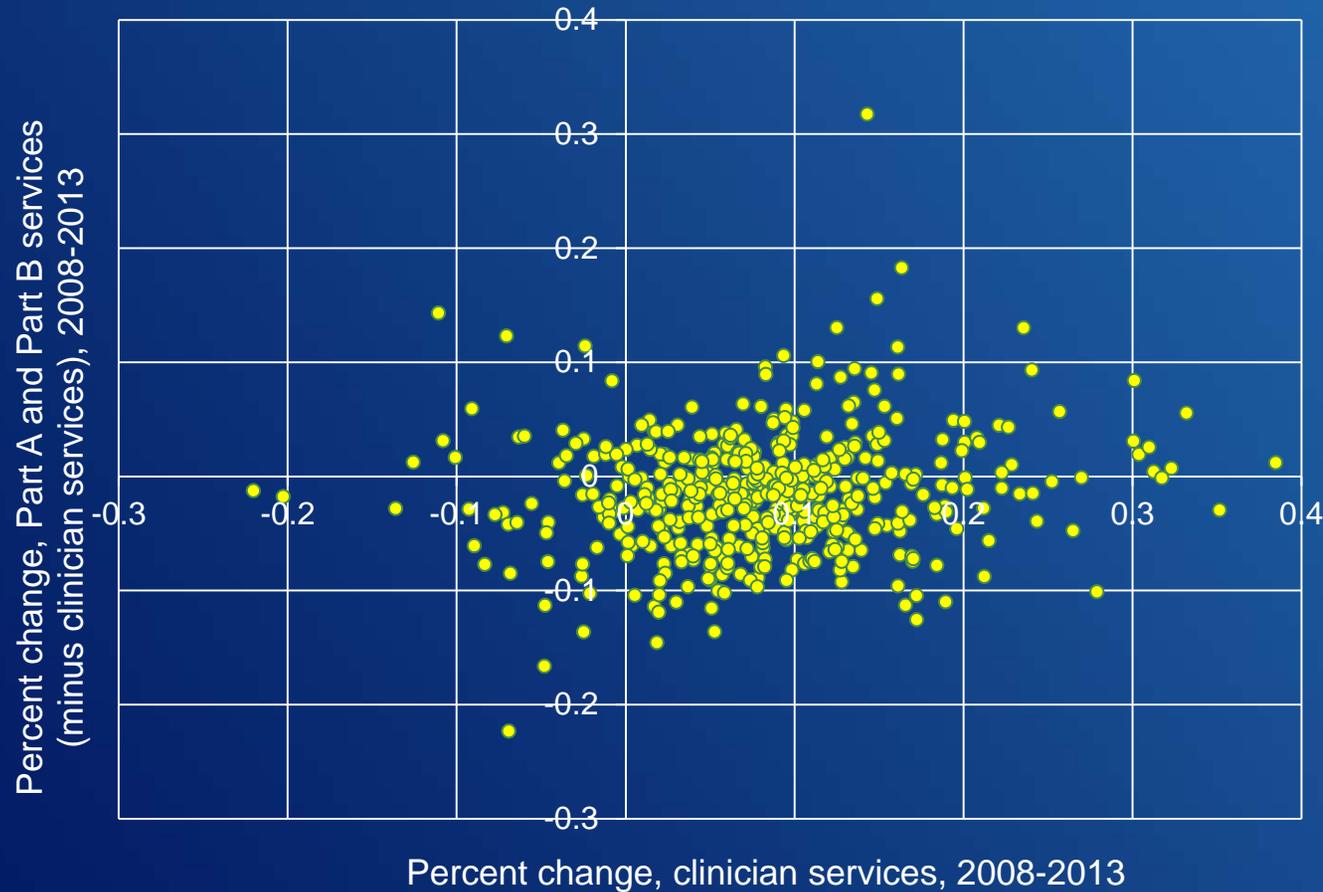
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# Change in use of clinician services and other Part A and Part B services

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- For geographic units, evaluated correlation between
  - Pct change over 2008-2013 in use of clinician services
  - Pct change in use of all Part A and Part B services, net of clinician services
- Correlation is positive, but weak
  - Coefficient on percent change in clinician services is 0.14
  - R-square from regression is 0.03

# Change in use of clinician services vs. other Part A and Part B services



Note: Unit of analysis is the MedPAC unit.

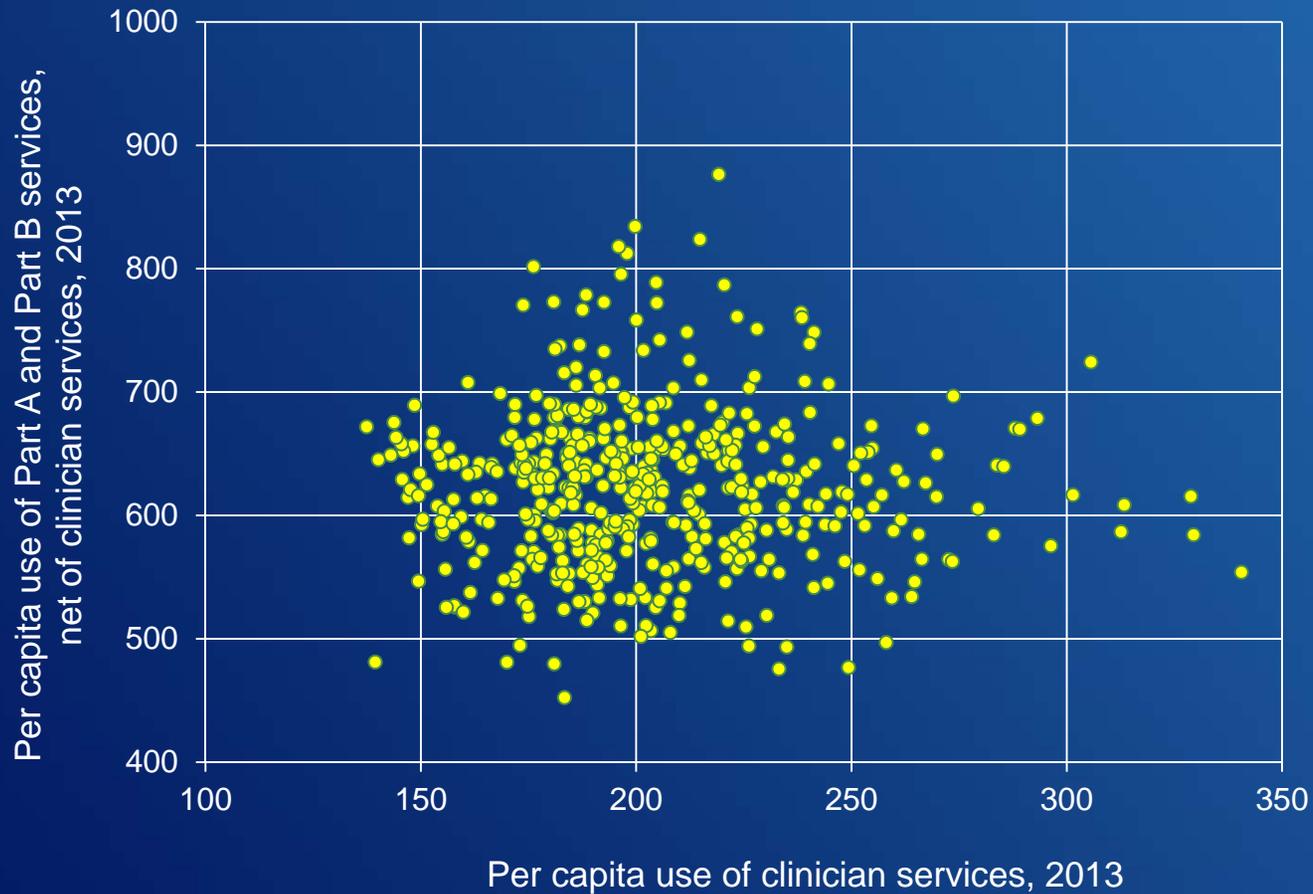
# Compare use of clinician services to other Part A and Part B services

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- For geographic units, evaluated correlation between
  - Per capita use of clinician services in 2013
  - Per capita use of Part A and Part B services (net of clinician services) in 2013
- Nearly zero correlation
  - R-square from regression is 0.005
  - Coefficient on per capita clinician services is not significant at 10% level

Data are preliminary and subject to change

# Use of clinician services vs. other Part A and Part B services, 2013



Note: Unit of analysis is the MedPAC unit.

# Summary of clinician services and Part A and Part B services

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- Spending on clinician services as a share of spending on all Part A and B services has been stable
- Correlation between use of clinician services and use of all other Part A and Part B services has been weak positive to zero

# Clinician services and Part D drugs: data and methods

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- Study limited to a subset of FFS beneficiaries enrolled in stand-alone drug plans
- Drug use is gross spending adjusted for differences in:
  - Drug prices across regions
  - Demographics and health status
- Analysis of correlation between clinician service use and Part D drug use across geographic units

# Clinician services and Part D drugs: 2008 vs. 2013 study population

|   | 2008 | 2013 |
|---|------|------|
| FFS beneficiaries in stand-alone drug plans, millions | 18.6 | 24.2 |
| % of FFS beneficiaries                                | 50%  | 61%  |
| % of all Part D enrollees (remainder in MA-PD plans)  | 68%  | 64%  |

- Changes in Part D enrollment patterns
  - More FFS beneficiaries covered under Part D
  - Smaller share in stand-alone drug plans
- Somewhat different demographic characteristics in 2013 compared with 2008
  - 22% are under 65 disabled (vs. 27% in 2008)
  - 38% receive the low-income subsidy (vs. 48% in 2008)

# Clinician services and Part D drugs: preliminary findings

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- Per capita spending and use of clinician services and Part D drugs grew at similar rates between 2008-2013
- Weak to modest positive correlation between levels of clinician service use and drug use
  - 2008: correlation coefficient of 0.11 ( $R^2=0.07$ )
  - 2013: correlation coefficient of 0.29 ( $R^2=0.21$ )
- Weak negative correlation between changes in clinician service use and drug use between 2008 and 2013
  - Correlation coefficient of -0.27 ( $R^2<0.06$ )

# Clinician services and Part D drugs: What is the key takeaway?

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- Small correlation coefficients
- Low R-squared values
- ➔ Very little relationship between the service use in these two sectors measured at the MSA level

# Summary: clinician services vs. other Medicare services

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- Findings suggest clinician service use and other Medicare service use, measured at MSA level, are neither clear complements nor substitutes
- Findings are aggregate results and may not represent any individual circumstances or specific geographic areas