MEDPAC Medicare Payment Advisory Commission

MEETING BRIEF

March 20-21, 2003

Growth in the use of physician services

ISSUE: Medicare spending for physician services is determined by two factors: the rates physicians are paid for specific services and the number and intensity of services used by Medicare beneficiaries. Use of physician services can be expected to rise based on factors such as the number of beneficiaries enrolled in the Medicare program, the demographic profile of beneficiaries, their health status, changes in technology, variation in practice patterns, and changes in the site of care. In the past, Medicare has pursued a number of broad strategies to address growth in the use of physician services, including expenditure targets and demonstration projects on disease management. At issue is whether other policy options should be considered.

KEY POINTS: Before evaluating policy responses, we must better understand growth in use of services and the factors that might drive that growth. Our analysis focuses on the following questions:

- What is the extent of growth in use of physician services for Medicare beneficiaries?
- Does it differ by types of services provided?
- Does it differ by site of service?
- Does it differ by geographic area?
- Does it differ by age of the beneficiary?
- Are changes in coding patterns a factor?

This analysis is ongoing and will build toward a chapter in the June report. We will use the results of our work to develop policy options that the Commission can consider.

ACTION: Staff would appreciate feedback from the Commission on the analysis to date and future directions to take.

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