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MedPAC Physician Discussion Meeting

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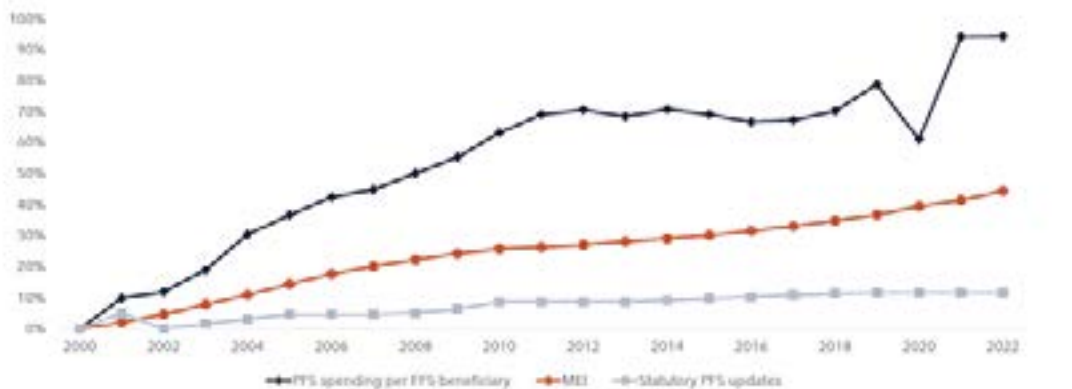
The Medicare Payment Advisory Commission (MedPAC), a Congressional agency that advises Congress on Medicare policy, [met](#) on October 5, 2023 to discuss reforming the way Medicare pays physicians/clinicians. The meeting is an addition to the normal physician payment update recommendations meetings that will happen in November/December. The Commission wants to dig deeper into the physician payment system and try to ascertain what is working and what is not.

MedPAC staff [presented](#) data on:

1. The impact of inflation on adequacy of payment rates
2. The growth in the volume and intensity of services
3. Wide variations in physician payment rates
4. Services being overvalued
5. Incentives that physicians have to participate in advanced alternative payment models (A-APMs)

The Commission first discussed payment adequacy, especially within the context of the rate of inflation growth over the past two years. MedPAC staff showed that inflation is growing faster than annual physician payment updates, but that spending per beneficiary is rising at an even faster rate. It was suggested that physicians use volume to make up the gap between costs and payments.

MEI growth was larger than annual payment updates, but fee schedule spending per beneficiary outpaced both measures, 2000-2022



Notes: MEI (Medicare Economic Index), FFS (physician fee schedule), FFS (fee for service), MIPS (Merit-based Incentive Payment System), A-APM (advanced alternative payment model). The MEI values used in the figure reflect the market basket increases published in the fee schedule final rule each year. This simulates how payment rates would have increased if the MEI was used to update FFS rates. MIPS adjustments, A-APM participation bonuses, and payment increases of 3.75 percent in 2021 and 2.0 percent in 2022 are not included in the figure since they are one-time payments not built into subsequent years' payment rates.

Sources: MedPAC analysis of Medicare regulations and Trustees' reports.

While staff also pointed out that beneficiary access remains strong and that the number of physicians participating in Medicare is increasing, Commissioners pointed out that they are seeing leading indicators that physicians may not keep practicing in Medicare in the future. Commissioners also wanted to break down what payments are “adequate” for different specialties – pointing out that although overall payments have increased in the past years, not all physicians receive the same boost from those increases.

The discussion centered around if the fee scheduled needed to be changed – and should some of the current law be reformed, for example, should the law:

1. Incorporate some portion of inflation into the default spending updates?
2. Incorporate some limit on spending growth?
3. Consider updates that promote site-neutral payments?
4. Restructure or eliminate the A-APM bonus? Eliminate differential updates?

The Commission was of the opinion that spending growth limits/volume adjustments won't work. The Commission wanted to dig deeper into individual physician payment reforms on certain aspects of the payment system. There was most consensus around the following ideas:

1. Continue with site neutral updates, but continue looking at quality of care in the different settings
2. Look at individual codes/coding groups where overpayments are prominent, especially anesthesia services
3. Examine the shift in utilization of E&M codes from 99213 or 99214 – what is driving this? Are physicians using these for quality services? Or are they overusing the code in general?
4. Focus on promoting more primary care physicians, including looking at medical school enrollment (and the lack of slots), compensation vs. costs for primary care physicians, and targeting updates based on type of provider (i.e., a differential increase for primary care physicians in the annual payment updates)

As stated above, this work will continue throughout the year and will be included in the MedPAC's June Report to Congress. Based on research findings, there may be recommendations around this, but those recommendations would not be finalized until the June report.

We trust you found this summary useful. Please reach out to [us](#) with any questions.

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