

MedPAC Proposes 1.1% Fee Increase for 2010

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WASHINGTON — Medicare advisers unanimously voted to recommend increasing physician fees by 1.1% next year, while expressing dismay that their June 2008 recommendation to boost primary care pay has not yet been acted upon.

The Medicare Payment Advisory Commission—better known as MedPAC—is charged with advising Congress on setting payment rates for physicians, hospitals, and other health care providers. Its recommendations are included in twice-yearly reports issued in March and June.

Under current law, Medicare physician fees are due to be reduced by 21% in 2010. MedPAC initially considered recommending that physician fees be updated by the projected change in input prices, minus an overall productivity goal that was established by the U.S. Bureau of Labor Statistics. The formula translated into a 1.1% increase, but many MedPAC commissioners were uncomfortable with the language and the possibility that it could be used to reduce fees.

Some even suggested that the panel should be considering a larger increase than 1.1%, but Chairman Glenn Hackbarth said he would not vote to approve a higher number, partly because Medicare has a statutory obligation to keep beneficiaries' Part B premiums for physician services in check. As fees rise, so do Part B premiums. And even small increases in physician fees can translate into billions more in Medicare spending, at a time when Congress is struggling to revive the faltering U.S. economy.

There seems to be no indication that Medicare reimbursement policy is leading to access problems for beneficiaries, according to reports from MedPAC staff members. A survey conducted in the early fall of 2008 found that 76% of beneficiaries said they "never" had a delay in getting an appointment for routine care, and 84% never had a delay when seeking an illness-related appointment. This is better than what has been reported by privately insured patients, said MedPAC staff member Cristina Boccuti.

Medicare fees are about 80% of private pay fees, she said.

Commissioner Nancy Kane, an associate dean of education at the Harvard School of Public Health in Boston, said that the 1.1% increase in fees would not be enough for primary care. "Primary care is in a huge state of crisis," Ms. Kane said. She asked about the progress of the federal medical home demonstration project, and expressed concern that it could be 7-10 years before Medicare rewarded physicians for participation in medical homes. "That may not be fast enough," she said, adding that the demonstration is a "drop in the pond. We need to move a whole ocean."

Mr. Hackbarth pointed out that MedPAC had recommended the pilot project

to help move the process along, but acknowledged that "we're talking about a significant amount of time, still." He said he expected that interim data might support quicker action.

The panel also voted unanimously to reiterate its June 2008 recommendation that Congress establish a budget-neutral payment adjustment for primary care services.

Primary care could get another boost

if Congress follows MedPAC's recommendation to change the equipment use rate for imaging machines that cost more than \$1 million. Currently, CMS pays physicians based on an estimate that magnetic resonance imaging, computed tomography, and positron emission tomography are used an average 25 hours per week, but data suggest that 45 hours per week is a more accurate and better target, said MedPAC staff member Ariel

Winter. The goal is to push physicians to be more efficient with use of the devices. Adopting the new rate would reduce the practice expense relative value unit by almost 8%.

That change would provide a savings of about \$900 million annually, Mr. Winter said. If the recommendation is adopted, the money could be reallocated to primary care pay and other physician services. ■



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