The Doc Fix: What Happens Next?

Legislative Options & Proposals

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Medicare Physician Payment: Fundamental Components

Basis for payment?

- Fee-for-service (FFS)
- Bundled payments
- Capitation
- Salary

- Bonuses and Add-ons
  - Pay-for-performance
  - Value modifier
  - Quality standards

How to update?

- Index
  - Medicare Economic Index (MEI)
  - Consumer Price Index (CPI)

- Target
  - Volume performance standards (VPS)
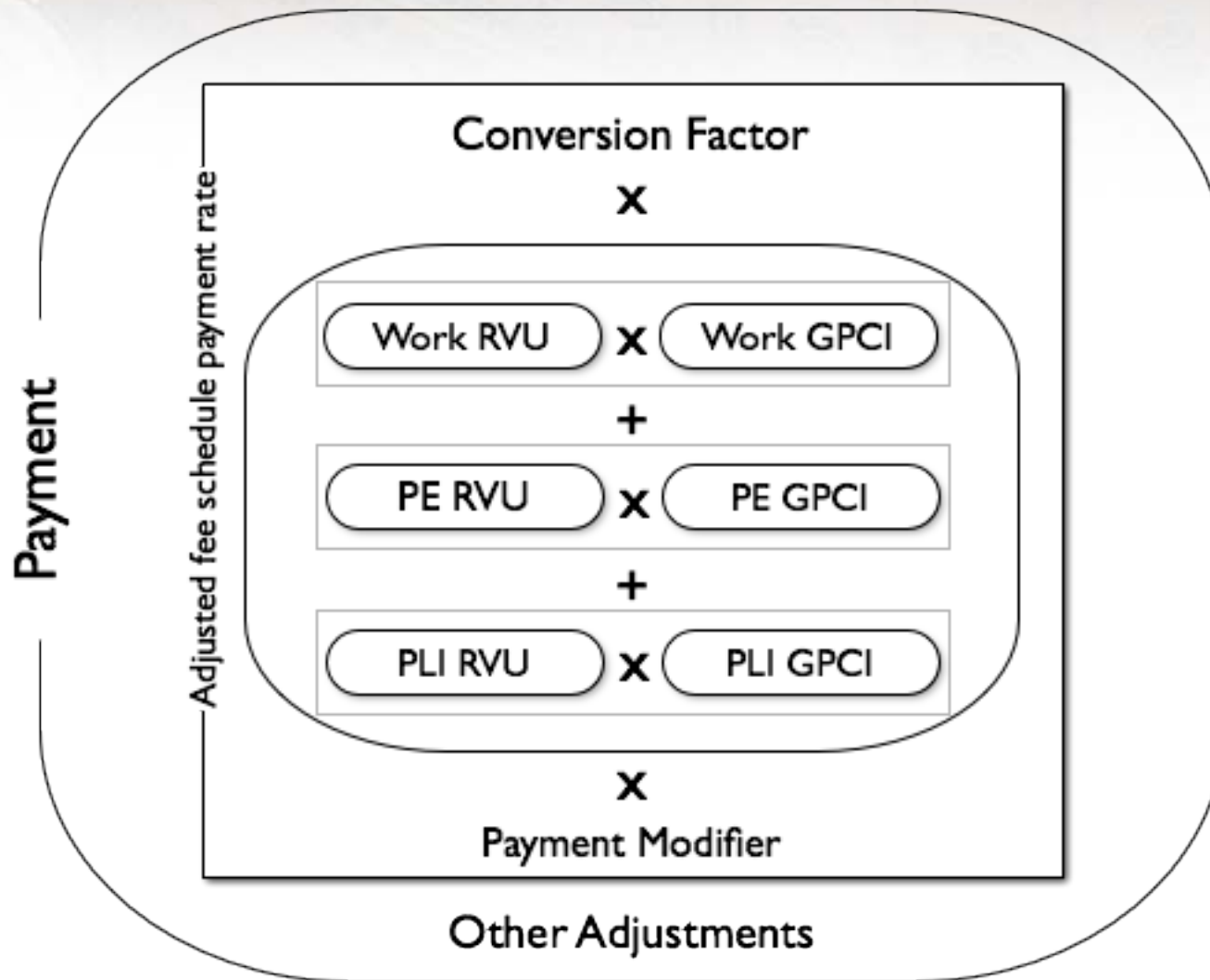 - Sustainable Growth Rate (SGR)
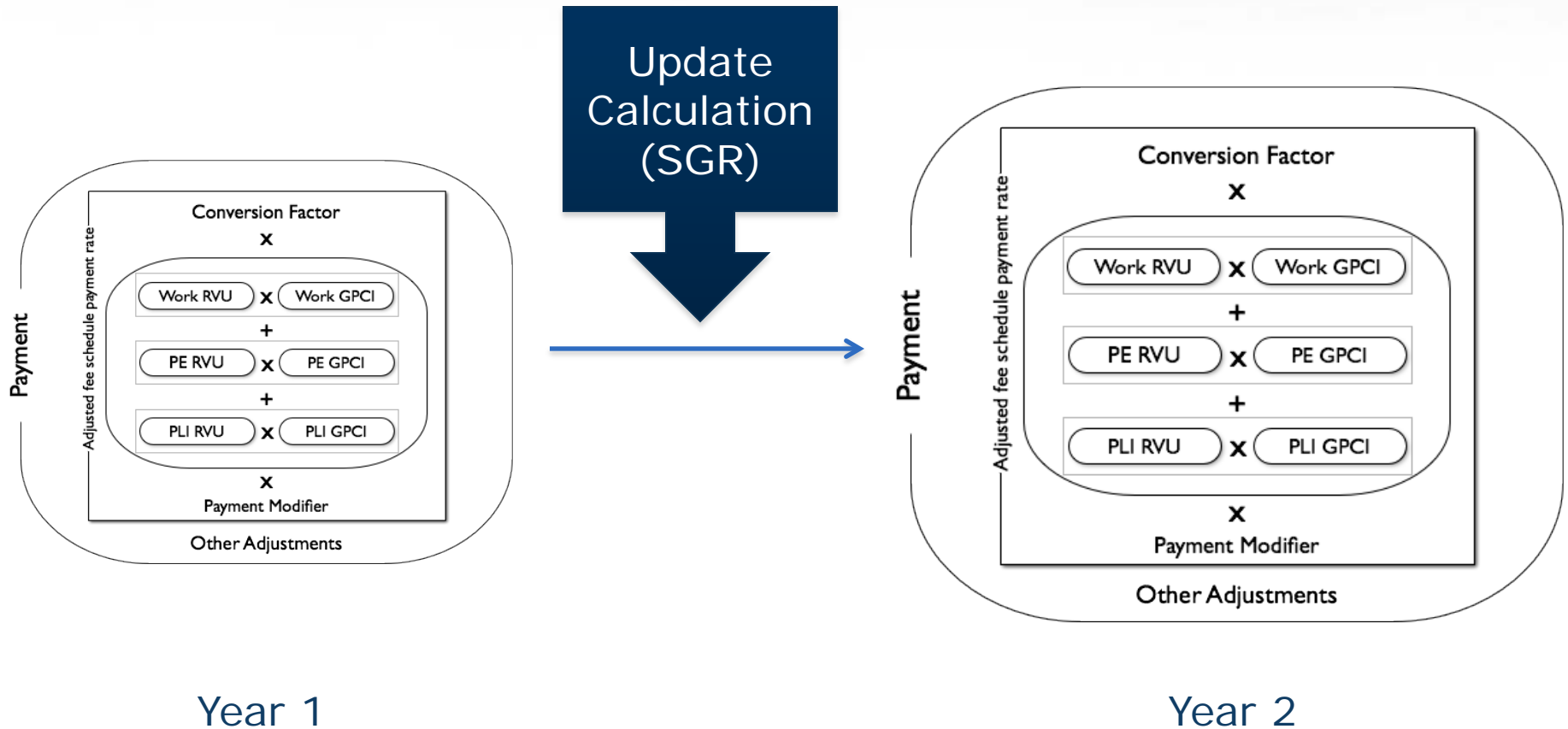
Terms Defined

- Work = Physician work

- PE = Practice Expense

- PLI = Professional Liability Insurance

- RVU = Relative Value Unit

- GPCI = Geographic Practice Cost Index

- SGR = Sustainable Growth Rate

Current Medicare Physician Payment: Single Year

Current Medicare Physician Payment: Multiple Years

Update Calculation (SGR)

Year 1

Year 2

Legislative Proposals: General Approach

- Short-term payment stability

- Field test and then evaluate alternate payment methods

- Transition to new payment system

Recent Legislative Proposals to Modify Basis for Medicare Physician Payment

- Modified FFS

- Capitation

- Gain sharing

- Bundled payment

- Others

- "Let a thousand flowers bloom"

- Incentives to move to payment based on something other than FFS

Recent Legislative Proposals to Modify Bonuses and Add-ons

- Electronic health record (EHR) bonus

- Quality bonuses

- Value-based modifier

- Others

Recent Legislative Proposals to Modify Medicare Physician Payment Updates

- No updates (0% in perpetuity)

- Multiple update factors

    - Six categories:

        - Evaluation & Management (E/M) primary/prevention
        - E/M other
        - Imaging & diagnostic tests
        - Major procedures
        - Anesthesia
        - Minor procedures and other

    - Two categories: primary care, all other

- Growth rates tied to ??

To Be Determined:

- What will be the basis of payment for Medicare physician services?

- Will there be multiple payment methods?

- How will payments be updated?

- How will the transition occur?