

Issues in Rural Medicare Policy: Physician Payment, Medicare Advantage, ACA Implementation



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Presented at the Annual Meeting of the
National Rural Health Association

May 5, 2011
Austin, Texas



Medicare Payment to Rural Physicians: Context



- ❧ Equitable and reasonable compensation for primary care services
- ❧ Payment policies that might attract physicians to underserved (including rural) areas
- ❧ Equitable payment across geographic areas
- ❧ Basis for geographic payment: 89 payment areas, many of which are entire states, not strictly urban-rural

Medicare Payment to Rural Physicians: Patient Protection and Affordable Care Act



- ✧ Taken from : “Increases in Primary Care Physician Income Due to the Patient Protection and Affordable Care Act of 2010 – Continued Tweaking of Physician Payment” by A. Clinton MacKinney, MD, MS:
http://cph.uiowa.edu/rupri/publications/policybriefs/2010/Physician%20Payment%20Post%20ACA%2008-11-10_Final.pdf
- ✧ ACA extended floor on Work Geographic Practice Cost Index (GPCI) through 2011

Continued



- ❧ Changed calculation of Practice Expense GPCI and increased to floor payment in Frontier states
- ❧ Provided 10% for primary care services furnished by primary care practitioner (defined as practice with at least 60% of Medicare allowed charges being to specific primary care service codes)

Effect of the ACA Changes in Physician Payment



- ⌘ Increased physician personal income in prototypical primary care practice average of \$3,537 (1.9%) in 2010, \$12,013 (6.2%) in 2011
- ⌘ Need further evidence to determine effect of bonus for primary care because of using a 60% service threshold based on specific codes

But Wait ... Effects of Overall Payment Change



- ⌘ Continued problems with Sustained Growth Rate
- ⌘ Medicaid payment constrained?
- ⌘ Savings in the Medicare Program?
- ⌘ Consequences in access, from “Medicare Beneficiary Access to Primary Care Physicians – Better in Rural, but Still Worrisome” by MacKinney, Xu, and Mueller:
<http://cph.uiowa.edu/rupri/publications/policybriefs/2011/Phys%20Exit%20Brief%20FINAL.pdf>

Findings



- ❧ Rural physicians more likely than urban physicians to accept all new Medicare patients (65% v 52%) in 2008
- ❧ Only 8% of rural physicians (11% urban) accepting no new Medicare patients [2004 numbers were 5% rural and 6.3% urban]
- ❧ Among rural physicians reason for not accepted most likely to be “have enough patients,” for urban physicians “inadequate reimbursement”

Rural Enrollment in Medicare Advantage Plans



- ✧ Taken from “March 2011: Growth in PPOs Dominates the rural MA Market in 2011” by Kemper, Pollack, McBride, and Mueller: <http://cph.uiowa.edu/rupri/publications/policybriefs/2011/March%202011%20%20one-pager%20041311.pdf>
- ✧ Total enrollment in March 2011 in rural was 1.5 million (15.7% of eligible beneficiaries)
- ✧ Shift in rural enrollment from private-fee-for-service plans to preferred provider organization plans: the former fell from 530,678 to 249,499; the latter grew from 396,006 to 702,315

Rural Enrollment in Medicare Advantage Plans



- ❧ Enrollment grew in last year led by growth in PPO plans (306,309 more) and health maintenance organizations (69,900 more)
- ❧ Variation in enrollment across the country; 10 states with more than 205% of rural enrollment, each of which has over 21% penetration; more than 41% in Hawaii and Minnesota

ACA Impact: Accountable Care Organizations (ACOs)



- ❧ Still an unknown because only have the proposed final rule at this time for details of what they must be and do
- ❧ But principles are worthy of extended discussion and consideration because the ACO approach may be used in pilot and demonstration projects

Continued



- ❧ Sampling of rural considerations
 - ❧ Assignment of patients to primary care physicians (physicians only)
 - ❧ Participation of physician practices in only 1 ACO
 - ❧ Shared savings threshold
 - ❧ Access standards
 - ❧ HIT

ACA Impact: Health Insurance Exchanges



- ❧ Impacts on payment to providers because of rating areas and access standards
- ❧ Therefore impact on access to services for Medicare beneficiaries
- ❧ Impacts on coverage of pre-Medicare population

ACA Impact: Value-Based Purchasing





For Further Information



The RUPRI Center for Rural Health Policy Analysis

<http://cph.uiowa.edu/rupri>

The RUPRI Health Panel

<http://www.rupri.org>



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