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Rural Physicians' Acceptance of New Medicare Patients

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According to the American Academy of Family Physicians (AAFP), the percentage of family physicians accepting new Medicare patients¹ declined from 84.1% in 2000 to 76.1% in 2003 (Trude & Ginsburg 2002). That decline coincided with projected annual decreases in Medicare physician payment announced in March 2002 and March 2003. The decline in the percentage of family physicians accepting new Medicare patients is cause for concern about Medicare beneficiaries' access to health care services. National trends for all physicians may mask different trends among rural physicians. The data in this policy brief describe the trends for urban and rural² physicians who no longer accept new Medicare patients.

Findings and Implications

Based on data from published studies, our analysis of the most recent national sample surveys available that include urban and rural respondents, and the results of a survey of state organizations representing physicians, the findings in this brief include the following:

- The trend among all physicians is to *not* accept new Medicare patients. This trend is more pronounced among family practice physicians than among all physicians.
- The percentage of physicians in both urban and rural areas who are accepting new Medicare patients is declining, although it is declining more slowly in rural areas.
- Physicians practicing in rural areas not adjacent to urban areas are the most likely to accept new Medicare patients.

¹Only Medicare fee-for-service patients are discussed in this brief.

²In this brief, urban areas are Metropolitan Statistical Areas as defined by the Federal Office of Management and Budget in 2000: areas that include a core city with a population of at least 50,000 prior to the 2000 census, the county within which the core city is located, and the surrounding counties whose populations commute into the core city. Rural areas are all areas outside of the federally recognized MSAs.

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Data From Published Studies

The percentage of physicians not accepting any new Medicare patients grew from 3.1% in 1997 to 3.8% in 1998, a small but statistically significant change. In addition, the percentage of Medicare beneficiaries (from a national household survey) saying that they could not get an appointment soon enough for care grew from 13.9% in 1997 to 23.6% in 2001 (statistically significant) (Trude & Ginsburg 2002).

Reports of physician practices deciding not to accept new Medicare patients have been particularly dramatic in Colorado and Washington State:

- 42% of Denver area primary care physicians participating in Medicare were not accepting new Medicare patients in 2001 (Austin 2001).
- 33% of a sample of Colorado family medicine physicians were not accepting new Medicare patients in 2003, and 6% of surveyed physicians dropped patients once they became eligible for Medicare (BBC Research 2003).
- In another survey, 59% of Denver and Boulder area physicians were not accepting new Medicare patients (Personal communication 2004).
- 57% of physicians surveyed in Washington State in 2001 were restricting access of new Medicare patients (Ostrom 2002a).
- A 100-physician clinic in Spokane, and the largest medical group in Whatcom County (Bellingham), Washington, closed their practices to new Medicare patients in 2002, this after another clinic in Bellingham had already done so (Ostrom 2002b).

The Rural Story: What the National Survey Data Show

Data from two national surveys were used to examine trends over time and differences between the percentages of urban and rural physicians accepting new Medicare patients—the Community Tracking Study (CTS) Physician Survey completed in two-year increments for the Center for the Study of Health System Change,³ and the annual survey of family practice physicians conducted by the American Academy of Family Physicians.⁴

The results of the CTS survey (Table 1) show that although the percentage of *all physicians* (excluding pediatricians) not accepting any new Medicare patients remained modest through 2000-2001, the trend was upward, from 4.9% in 1996-1997 to 6.1% in 2000-2001 (statistically significant). In data from the CTS survey not reported in the table, *among family practice/general*

³This brief uses data collected from the first three rounds of the CTS physician survey, a series of nationally representative telephone surveys of active physicians in the United States sponsored by the Robert Wood Johnson Foundation. Subjects were selected with a complex stratified probability sampling method. Primary care physicians were over-sampled. The three rounds of data include 1996-1997 (round 1: 12,385 respondents, 65% response rate); 1998-1999 (round 2: 12,280 respondents, 61% response rate); and 2000-2001 (round 3: 12,389 respondents, 59% response rate).

⁴The AAFP Survey is an annual, national, mail survey of a stratified random sample of members. Stratification was across nine U.S. Census Bureau divisions. Within each of the nine divisions, the sample was a simple random sample. Each year, 4,400 AAFP members were sampled. The response rate was 35% to 40% for each year. The sample size was 1,963 in 2000; 1,184 in 2001; 1,664 in 2002; and 1,541 in 2003.

practice physicians in 2000-2001, 10.3% reported not accepting any new Medicare patients. The trend is the same among physicians in both urban and rural areas. However, there are distinct differences in the rural data:

- The percentage of rural physicians not taking new Medicare patients is less than that of urban physicians for each year (but the differences are not statistically significant).
- The trend of increasing percentages of physicians not taking new Medicare patients is consistent in both groups, but for rural physicians, change from one time period to the next is not statistically significant.

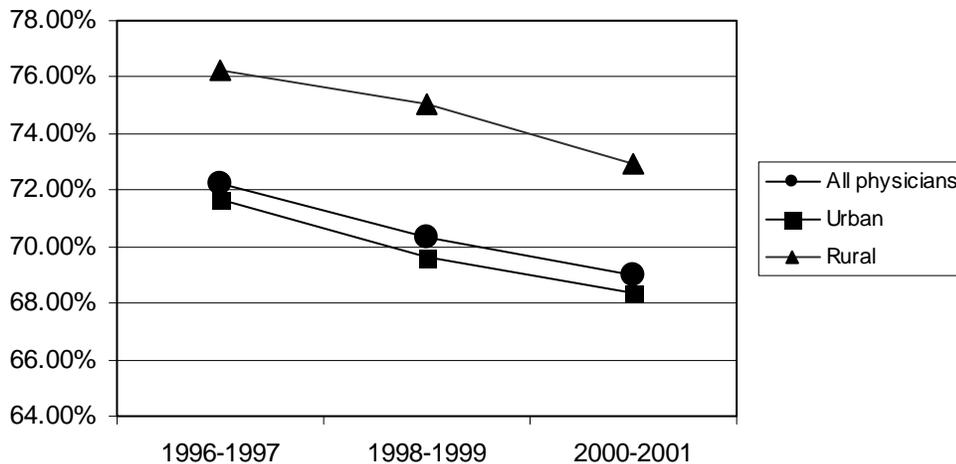
Table 1. Percentage of Physicians Accepting New Medicare Patients: Analysis of the Community Tracking Survey of Physicians

	Not Accepting Any (%)	Accepting Some (%)	Accepting Most (%)	Accepting All (%)
1996–1997				
All physicians	4.9	9.5	12.6	73.0
Urban physicians	4.9	9.5	13.0	72.5
Rural physicians	4.4	9.2	10.0	76.5
1998–1999				
All physicians	5.6	10.1	13.6	70.7
Urban physicians	5.6	10.3	14.1	70.0
Rural physicians	5.3	9.0	10.9	74.9
2000–2001				
All physicians	6.1	10.3	14.6	69.1
Urban physicians	6.3	10.3	15.0	68.4
Rural physicians	5.0	10.2	11.8	73.0

The data just presented mirror other presentations appearing in the current policy discussion. However, Medicare beneficiaries seeking physician care, and their advocates, would be more interested in the percentage of physicians accepting all new Medicare patients (they could be accepting only “new” Medicare patients from among their current patients who “age into” Medicare status). As shown in Table 1 and Figure 1, the percentage of physicians accepting all new Medicare patients has declined since 1996-1997:

- Among all physicians, the percentage accepting all new Medicare patients declined from 73.03% in 1996-1997 to 69.06% in 2000-2001.
- Among rural physicians, the percentage accepting all new Medicare patients declined from 76.52% in 1996-1997 to 73.01% in 2000-2001.

Figure 1. Percentage of All Physicians* Accepting All New Medicare Patients



Source: Data from Community Tracking Study Physician Survey, 1996-1997, 1998-1999, 2000-2001.

*Excluding pediatricians.

The trends demonstrated by the CTS survey of all physicians (except pediatricians) are similar to those demonstrated by the AAFP data, which extends through 2003. As shown in Figure 2, the percentage of physicians accepting new Medicare patients has declined:⁵

- Among all family practice physicians, the percentage accepting new Medicare patients declined from 84.1% in 2000 to 76.1% in 2003.
- Among rural family practice physicians, the percentage accepting new Medicare patients declined from 86.1% in 2000 to 83.7% in 2003.

The AAFP data are instructive because they extend into two years during which the Medicare physician payment was slated for decrease; Congress later reversed the payment reduction. Table 2 and Figure 2 demonstrate that the trend in the decline of the percentage of family practice physicians accepting new Medicare patients accelerated from 2001 to 2002 and 2003, the years of greatest uncertainty and of projected decline in Medicare payment.⁶

Interestingly, the percentage of physicians accepting new Medicare patients is highest in rural counties not adjacent to urban areas. Medicare acceptance in rural counties not adjacent to urban areas has declined only modestly since 2000, and not consistently. The variation may be a function of sample size, since there were fewer than 180 physicians in each of the reporting years.

⁵The AAFP survey question is “Is your practice accepting NEW Medicare fee-for-service patients?”

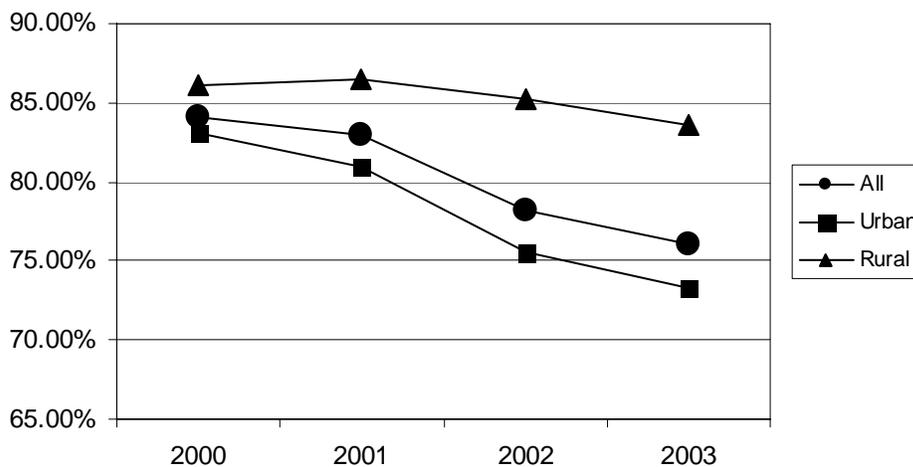
⁶The rate of decline in the percentage of all family practice physicians who were accepting new Medicare patients was significant from 2001 to 2002 (adjusted chi-square test p-value <0.05), but there were no significant differences between 2000 and 2001 (unadjusted p = 0.43) or between 2002 and 2003 (p = 0.15). Further tests showed that there were significant differences between 2000 and 2002 (p<0.01), 2001 and 2003 (p<0.01), and 2000 and 2003 (p<0.01). For family practice physicians in rural areas, there was no statistically significant decline in percentage across years. The chi-square test used the weights normalized to sum to sample size to reduce bias. (Normal weight = weight*sample size/population size.)

The aggregate survey data support the finding that physicians are increasingly not accepting new Medicare patients. While the percentage change each year may be modest, it represents a large number of physicians. Consequently, Medicare beneficiaries may experience increasing difficulty accessing a physician. Furthermore, regional or local access problems could be masked by aggregate data. Examining general trends cannot reveal a “break point” that would accelerate the trend of physicians declining to accept new Medicare patients. Finally, trend data do not, without further statistical analysis, provide specific explanation for a trend. One possible explanation is the threat of reduced payment, but because current survey data do not provide a clear cause and effect association, further analysis is needed.

Table 2. Percentage of Family Practice Physicians Accepting New Medicare Fee-for-Service Patients: Analysis of the AAFP Surveys

	All (%)	Urban (%)	Rural (%)	Rural Adjacent (%)	Rural Non-adjacent (%)
2000	84.10	83.10	86.05	83.42	89.89
2001	82.99	80.93	86.48	82.09	93.00
2002	78.25	75.56	85.27	85.47	85.00
2003	76.08	73.34	83.65	81.57	87.93

Figure 2. Percentage of Family Practice Physicians Accepting Any New Medicare Patients: Analysis of the AAFP Surveys



Source: Data from American Academy of Family Physicians Survey, 2000, 2001, 2002, 2003.

The Rural Story: From the Field

To supplement the CTS and AAFP survey data, in early 2003 the RUPRI Center staff conducted an internet-based survey of key informants (state offices of rural health, state medical associations, and state chapters of the AAFP) in 38 states. In 29 of those states, informants reported that the percentage of physician practices accepting any or all new Medicare patients in rural areas had decreased in the past three years. The most common rationale cited, in all 29 states, was insufficient payment. No other rationale (selected from a list of potential rationales) received more than two responses (respondents could check all that applied). Among the 15 state respondents who provided an estimate of the percentage of physicians declining to accept new Medicare patients, the average estimate was 21.6%. While still not confirming that projected decreases in Medicare payment influence decisions to stop accepting new Medicare patients, the survey results suggest that this phenomenon may be occurring.

Through site visits to rural practices, RUPRI Center investigators are developing an understanding of the impact of Medicare payment policy changes on rural physician practices. After completing visits to practices in a small rural Midwest community and a larger rural Western community, investigators developed the following conclusions consistent with the survey data:

- Rural primary care physicians may be the only physicians practicing in the community, creating a moral obligation to take all new patients.
- A payment-induced crisis in a rural practice may result in a decision to close the practice rather than a decision to no longer accept Medicare beneficiaries.
- In a community with multiple practices, a decision by one or more practices to stop accepting new patients, especially Medicare and Medicaid patients, places the remaining practice(s) in greater jeopardy of financial insolvency.

Further case studies are planned to examine these impressions.

Contribution of This Research to the Debate About Threats to Access

The topic of Medicare payment remains critical. The Medicare payment update system uses the sustained growth rate (SGR), medical inflation, gross domestic product (GDP) growth, and budget neutrality factors to determine payment rates. This system has been challenged (in part) because the SGR adjusts future payment to correct for past underestimates of medical expenditure growth, GDP growth is independent of medical expenditure growth, and calculations incompletely consider medical and pharmaceutical advances. In response to these criticisms, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) provides a minimum Medicare payment increase of 1.5% each year through 2005. Therefore, the debate continues about how best to change the Medicare payment system, if at all. The General Accounting Office summarizes the issue well: “A dilemma for policy makers posed by projected fee reductions is that while SGR’s automatic responses work as intended from a budgetary perspective, the consequences for physicians and their patients are uncertain” (Steinwald 2004).

The data we analyzed suggest that policy makers should consider the rural implications of Medicare payment changes. We are learning that rural physicians are slower to stop accepting new Medicare patients, which may represent a hesitancy to close the practice. The logic is simple—as one of only a few physicians available to the Medicare beneficiaries in a community, *declining to accept new Medicare patients eliminates access to local physician care for those beneficiaries*. This conclusion is supported by the fact that physicians practicing in rural areas not adjacent to urban areas are most likely to continue accepting new Medicare patients. Further, given the increasing number of Medicare beneficiaries as a percentage of total population, especially in rural areas, declining to see new Medicare patients may reduce practice revenue to a level incapable of supporting the practice. Data from the 1998-1999 CTS Survey show that 65% of rural physicians receive at least 26% of their payment from Medicare (compared to 50% of all physicians), and 20% receive at least 50% of their payment from Medicare. Similarly, accepting new Medicare patients (rather than higher paying non-Medicare patients) may reduce income to a level incapable of supporting the practice. Therefore, rural Medicare beneficiaries' access to physician services *may not be simply a Medicare issue, but rather an access-to-physician-services issue for all residents of the community*.

Our findings indicate that two years of payment increases assured by the MMA provide a finite opportunity to review critically Medicare payment policy changes. Our findings also indicate that the negative implications of not taking the necessary steps to reverse a small but important decline in physician willingness to take new Medicare patients may be most serious in rural communities.

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