

From Mark Pauly

Findings: Projections of Medicare payment rates for hospitals and physicians based on current law are projected to decline over time (adjusted for input prices). Private sector payment rate trends are much more difficult to predict. However, if they increase from current baseline at the rate of increase in practice input prices (or some proportion of it) there will be an increasing gap between public and private payment levels, and the difference will increase even more if there is cost shifting. The committee finds that current methods do not provide a rigorous conceptual analysis of what will happen to private rates (and how they may be affected by Medicare rates) nor does it provide an estimate of the impact of payment divergence on beneficiary access to care. It also ignores the likelihood that impacts on access will differ between hospitals and physicians and other health professionals with the latter more likely to refuse to take new Medicare patients. There is empirical evidence on the relationship of Medicare and Medicaid payment rates and physician willingness to accept patients (Jensen and XXX).

Recommendations: The committee recommends that staff explore a more extensive modeling and projection methodology for forecasting payment gaps and their consequences for beneficiary access, especially to primary care physicians.