Medicare’s New Value-Based Payment Modifier

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Abstract

The Affordable Care Act mandates that by 2015 the Centers for Medicare and Medicaid Services (CMS) must begin applying value-based payment modifier (VBPM) under the Medicare Physician Fee Schedule/Fee for Service Medicare. Research shows that physicians with the least experience have higher cost profiles than do physicians with the most experience.

Cost: A research project designed to examine the relationship between publicly available physician characteristics and their cost profiles showed that the least experienced physicians have higher costs. Potential reasons for higher costs follow:

- Likely to use newer and more expensive treatment modalities
- Lack of experience may translate into more aggressive care
- May treat sicker patients with more complex conditions

Quality: Systematic Review: The Relationship between Clinical Experience and Quality of HealthCare, concluded the longer a physician has been in practice, the lower the quality of care provided.

The Institute of Medicine states, “If Medicare is able to use the new value-based payment modifier for physician reimbursement based on physician cost profiles acquired during residency training programs, this could result in decreased access to new physicians to provide quality care for patients.”

Conclusions:

- CMS should delay the 2015 implementation of Medicare’s value-based payment modifier allowing sufficient time for CMS to develop written, simplified guidelines for both patients and physicians to understand, and post them on the Health Compare Website.

- CMS should also calculate cost profiles of new physicians while out in practice after residency.