Impact of Medicare’s New Value-Based Payment Modifier

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Value-Based Payment Modifier

- Replace Fee for Service Medicare (2015)
- Complex calculation based on cost profiles and quality data of physicians

# Value-Based Payment Modifier

## Table 1. Components of the Value-Based Payment Modifier program

<table>
<thead>
<tr>
<th>Cost of care:</th>
<th>Quality of care*:</th>
<th>Outcome measures**:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total per-capita cost measures (Medicare Part A and B) for beneficiaries with four conditions:</td>
<td>Clinical care</td>
<td>30-day post-discharge visit</td>
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<tr>
<td>- COPD</td>
<td>Patient experience (essentially patient satisfaction)</td>
<td>All-cause readmission</td>
</tr>
<tr>
<td>- CHF</td>
<td>- Patient safety</td>
<td>Composite of acute prevention quality indicators</td>
</tr>
<tr>
<td>- CAD</td>
<td>- Care coordination</td>
<td>- Composite of chronic prevention quality indicators</td>
</tr>
<tr>
<td>- Diabetes</td>
<td>- Efficiency</td>
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</tbody>
</table>

Costs attributed to the doctor with the most charges and at a minimum of two E&M services

*Precise measures in each category TBD, but many likely same as current PQRS metrics.

**Generally very outpatient-focused.

Medicare’s Financial Challenges

- Covers “Reasonable and necessary” services
- Problems: More beneficiaries qualify, fewer workers
- CBO: Medicare will be bankrupt in 2020
- 25% 65 and over living FPL in 1965 – now half of beneficiaries live in poverty
- Average lifespan 1965 was 70 y/o, now 78.5 years
Decreases in Tax Revenue Impact Medicare

- Originally, payroll tax 2.9% of all wage earners, split by employee and employer
- 2013 ACA mandates persons making over $250,000 will pay 3.8%
New Physicians’ Cost profiles

- Physicians with less than 10 years experience have a 13.2% higher cost profiles than physicians who have been practicing for over 40 years.

- Possible reasons:
  - Newer and more expensive treatment modalities
  - More aggressive care due to lack of experience
  - Shorter relationships with their patients
  - More-experienced physicians may order fewer tests
  - Less-experienced may treat sicker patients or more non-compliant patients

  - *Health Affairs, 2012*
Experienced Physicians’ Practice Patterns

More-experienced physicians

- May provide lower-quality care
- Posses less factual knowledge
- Less likely to adhere to appropriate standards of care
- May have poorer patient outcomes
- Less likely to adopt new proven therapies
- Exempt from recertification requirements

- Systematic Review, 2005
Unintended Consequences of VBPM

- Decrease access to new physicians to provide access to quality care for patients.
- Force new physicians to modify their practice patterns.
- New physicians in training programs would be concerned with their cost profiles instead of learning to practice medicine, resulting in less familiarity with certain procedures.
Decreased Medicare Reimbursement

- Physicians will have to see more patients on a daily basis, therefore, spend less time with each
- Medicare currently reimburses 81% of private insurance
- Sustainable Growth Rate (SGR)
- Increased bureaucracy, additional paperwork, more oversight, less autonomy = job dissatisfaction
- Could increase physician shortage-retire or switch careers
- Deter people from pursuing medicine as a career
Recommendations

- Delay implementation of VBPM until guidelines are written and simplified
- Post on *Health Compare* Website
- Encourage ‘parsimonious care’ – accept some responsibility for the cost of care
- Calculate cost profiles incurred during practice, not during residency
References

- **Background Medicare Value-Based Payment Modifier.** (2012, 12 31). Retrieved from CMS.gov: http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/Background.html
- **Value-Based Payment Modifier.** (2012, 31 12). Retrieved from CMS.gov: http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/ValueBasedPaymentModifier.html
References

Questions?

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