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# Physicians Practices Reimbursement Report

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**Healthfirst**

**Vermont's Independent Practice Association**

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# Professional Fees are the Only Payment Source for Independent Physicians

<u>Payment Source</u>	<u>Independent Physicians</u>	<u>Hospitals</u>	<u>Academic Hospitals</u>
<b>Professional Fees</b>			
Commercial Payers	✓	✓	✓
Medicare	✓	✓	✓
Medicaid	✓	✓	✓
<b>Facility Fees</b>			
Commercial Payers		✓	✓
Medicare		✓	✓
Medicaid		✓	✓
<b>Medical Education Payments</b>			
Medicare DIRECT Grad Med Education payments			✓
Medicare INDIRECT GME augmentation			✓
Medicaid Fixed Annual Payment to UVMHC			✓
Medical School Tuition from Students			✓
Medical School Endowment + Donations			✓

- Independent physicians are a critical component of a high-quality, lower cost health care system
- Hospitals are paid additional facility fees for outpatient office visits at practices they own
- 95% of independent physicians in VT see patients with all insurance and the uninsured, often with sliding fee schedules and no ability to “cost-shift”
- Independent physicians also teach medical students voluntarily

*THE SUBJECT OF THIS REPORT/DISCUSSION IS PROFESSIONAL FEES ONLY*

# 2014 Data Shows Much Sharper Payment Variation for Primary Care Codes than in 2012

**2012 Data from Dec 1 Phys. Practice Report**

CPT Code	Ind. Physician	Academic Hospital	VAR %
99213	\$80.68	\$98.71	122%
99214	\$120.03	\$148.77	124%
90471	\$26.82	\$38.41	143%
99396	\$142.77	\$180.44	126%
36415	\$7.37	\$10.28	139%
90460	\$34.60	\$33.50	97%
90658	\$19.74	\$27.09	137%
90472	\$20.04	\$29.89	149%
99395	\$129.59	\$163.17	126%
87880	\$23.52	\$49.70	211%

**2014 Data from Blue Cross**

Ind. Physician	Academic Hospital	VAR %
\$78.00	\$177.00	227%
\$117.00	\$261.00	223%
\$25.00	\$43.00	172%
\$149.00	\$307.00	206%
\$9.00	N/A	N/A
N/A	N/A	N/A
\$16.00	N/A	N/A
\$15.00	\$46.00	307%
\$135.00	\$287.00	213%
\$25.00	\$49.00	196%

**Comparing Professional Fees ONLY for these codes**

Average Variation 138%

220%

# Payment Variations in Specialty Codes are Even More Severe

**2014 Data Sample of Specialty Procedural Codes**  
*(Not addressed in Dec 1 report)*

***Comparing Professional Fees ONLY for these codes***

CPT Code	Specialty	Ind. Physician	Academic Hospital	VAR %
45378	Gastroenterology - Dx Colonoscopy	\$584	\$1,356	232%
45385	Gastroenterology - Colonoscopy with removal of tumor, polyp, or lesions	\$765	\$1,819	238%
20610	Pain Med - Drain and/or injection of major joint or bursa	\$116	\$235	203%
92012	Ophthalmology - Eye Exam Est Patient	\$84	\$278	331%
11000	Dermatology - Skin Biopsy Single Lesion	\$109	\$349	320%
17000	Dermatology – Destruction Of Premalignant Lesion	\$83	\$273	329%

Average Variation **275%**

# Pay Parity for Independent Physicians Would...

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- Help reduce overall spending by supporting and maintaining this lower-cost care delivery model
- Maintain choice for patients to visit independent practices by keeping them in business
- Keep physicians practicing in Vermont
- Achieve GMCB/the Administration/Act 48's stated goals of fairness and transparency
- Not be overwhelming to achieve, considering there are a comparatively small number of independent physicians and parity would only apply to professional fees

# Patients in universal coverage, low-cost systems with equal physician pay access most of their care through independent physicians

- France
  - Health Care Expenditures 11.6% of GDP
  - 70% of primary care and 50% of specialists are self-employed
- Germany
  - Health Care Expenditures 11.3% of GDP
  - Almost all outpatient doctors work in private practice
  - 50% of doctors in primary care, 75% of patients access same day or next day appointments
- Canada
  - Health Care Expenditures 11.2% of GDP
  - Majority of family physicians are self-employed
- Vermont
  - Health Care Expenditures 20% of GDP
  - Majority of physicians employed in higher-cost hospital settings
  - Patients losing access to personalized, convenient, affordable care offered by independent practices

Sources: Healthcare Triage: Aaron Carroll - Canada : <https://www.youtube.com/watch?v=1TPr3h-UDA0>; France: <https://www.youtube.com/watch?v=yF69KVbUaQ>; Germany: <https://www.youtube.com/watch?v=NdarqEbDeV0>

# Summary

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- **Independently owned physician practices are central to lower-cost universal coverage delivery systems**, as data from other countries shows
- **The important role of independently owned practices in offering efficient care at lower overall cost, and maintaining diverse choices for patients** ought to be prominently considered as Vermont contemplates health care reform
- **The issue is more critical to Vermonters than the report suggests.** The Administration's Dec 1 Physician Practices Report starts to demonstrate the pay variation problem, but only reported primary care, and used older data
- **This situation is acute and precarious for VT small physician practices** because of major shifts in VT health care delivery that occurred in the past 2 years, after the Report's data

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# Appendix



# 2014 Data Comes From BCBS Website

**BlueCross BlueShield of Vermont**  
An Independent Licensee of the Blue Cross and Blue Shield Association.

**We'll see you through.**  
Contact us: (800) 247-2583

Message Center: 5 New  
Welcome **AMY COOPER**

**Tools, Resources, Media, and News:**  
Here you will find tools and resources to help assist you with:

- Policy related questions
- Links to helpful resources
- Transaction Tools to help you manage your policy

Other important notifications and newsletters will also be found here.

**Still have questions?**  
Send us an e-mail and we will be happy to assist you! [My Inbox](#)

**My Profile**  
Update your address or phone number, order an ID Card, or Print a Proof of Coverage letter.

**Price and Quality Tools**  
Use these tools to research price and quality information associated with your health care coverage.

**My Permissions**  
Control what information is visible.

**Member Center**  
Visited Nov/Dec 2014

**BlueCross BlueShield of Vermont**  
An Independent Licensee of the Blue Cross and Blue Shield Association.

### Detailed Price Report by Code

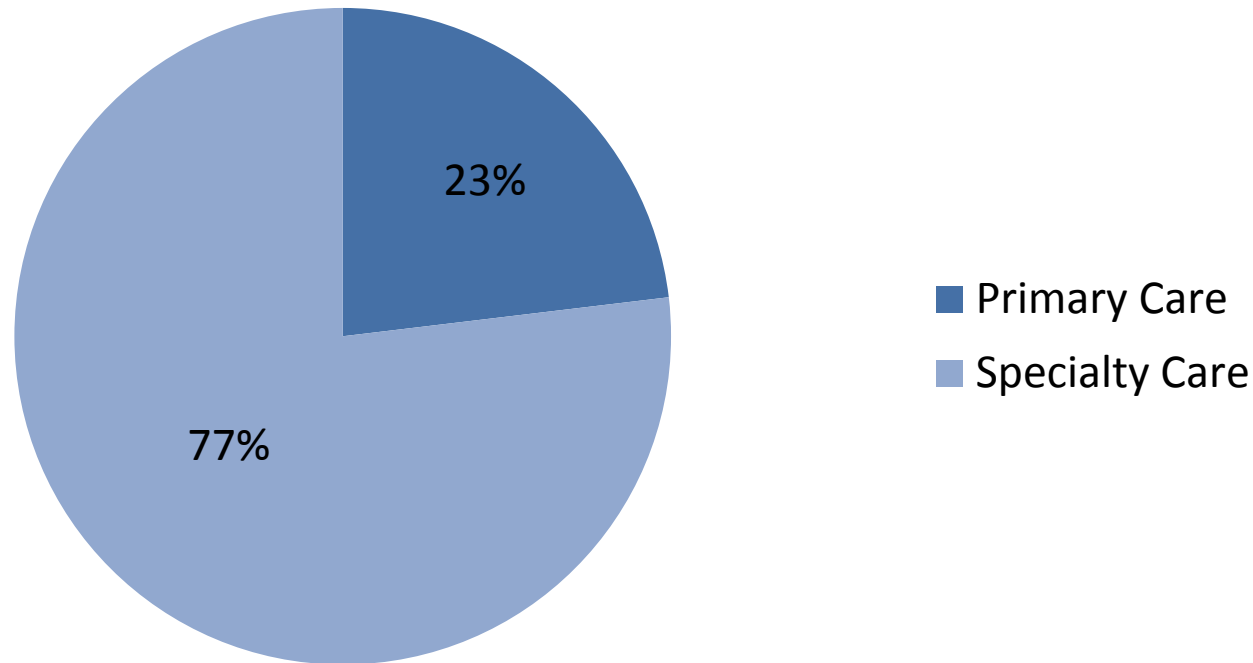
**John Doe, MD**

		VHP
Category/Code	Description	Provider's Median Price*
<b>Professional Services</b>		
99213	OFFICE/OUTPATIENT VISIT ESTABLISHED PATIENT - 15 MINUTES	\$177.00
99214	OFFICE/OUTPATIENT VISIT ESTABLISHED PATIENT - 25 MINUTES	\$261.00
99243	OFFICE CONSULTATION - 40 MINUTES	\$301.00
99396	PREVENTIVE VISIT - AGE 40 THROUGH 64 YEARS	\$307.00

# Primary Care is a Small Portion of Total Spending Compared to Specialty Care

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**Total Expenditures on Professional Fees  
2013 Medicare Data\***



Source: \* 2013 CMS Medicare Claims Data for ACCGM, Healthfirst's Medicare ACO