

Practitioner Utilization

Trends Among Privately Insured Patients 2008–2009

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Purpose & Methods

Report Highlights

- Growth in Per-User Spending
- Effect of Patient Risk on Spending
- Differences in Payment Rate by:
 - Payer Market Share, and
 - Participation Status

Policy Uses for the MCDB



Purpose & Methods

- **Legislative mandate to report annually on expenditures for privately insured, professional services using the Maryland Medical Care Data Base (MCDB)**
- **Annual professional service use measured by:**
 - Average expenditure per user
 - Average number of professional services per user
 - Average complexity of the services =
 - number of relative value units (RVUs) per service
- **Payments to professionals characterized by:**
 - Average payment per RVU
 - Ratio of the payment to the Medicare fee schedule amount
 - *Payment includes both payer and patient obligations (deductible, coinsurance/copayment, balancing billing)*
- **Analysis includes imputed payments for capitated services**

Annual Growth in Expenditure Per User

- **2009 spending on professional services: 2% average increase**
 - Increase mainly attributable to higher payment rate (2%)
 - Also a 1% increase in service volume (number of services per user)
 - No net change in service complexity (RVUs per service)
- **Growth rate varied by coverage type**
 - 8% increase for users in the individual market, 2% decrease for users in MHIP, and 3% decrease for users in CSHBP
- **Growth rate varied by network type**
 - Growth almost all concentrated in HMO users (4%) with no change in per-user spending for non-HMO users
- **Growth rate varied by payer market share**
 - Growth faster for smaller payers (4%) compared to the largest payers (1%)
- **User cost sharing almost no change from 2008, at 21%**

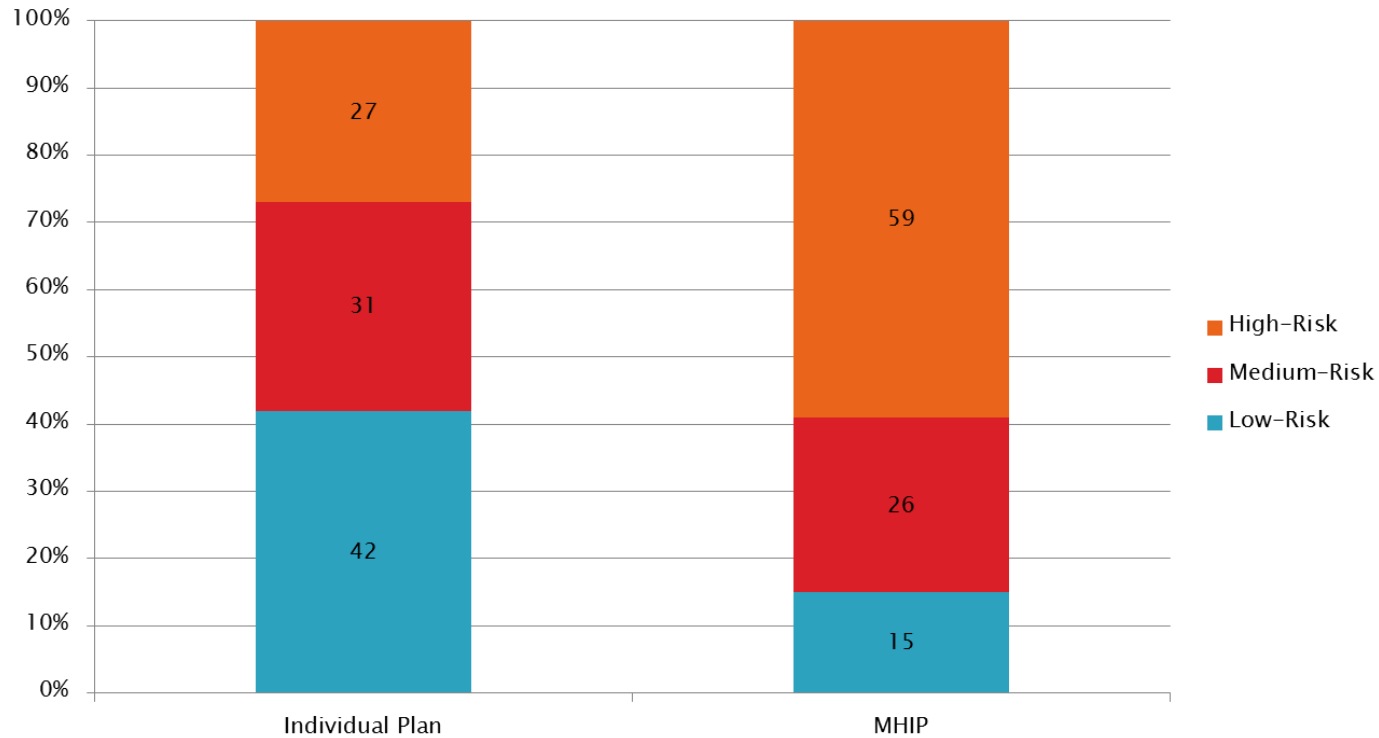


Effect of User Risk on Level of Spending

- **User risk status is an important determinant of per-user spending**
- **Expenditure risk scores based on diagnosis codes**
 - Average spending among Medium-risk = 2x low-risk average
 - Average spending among High-risk about 5x low-risk average
- **Average expenditure per user by coverage type strongly affected by user risk mix**

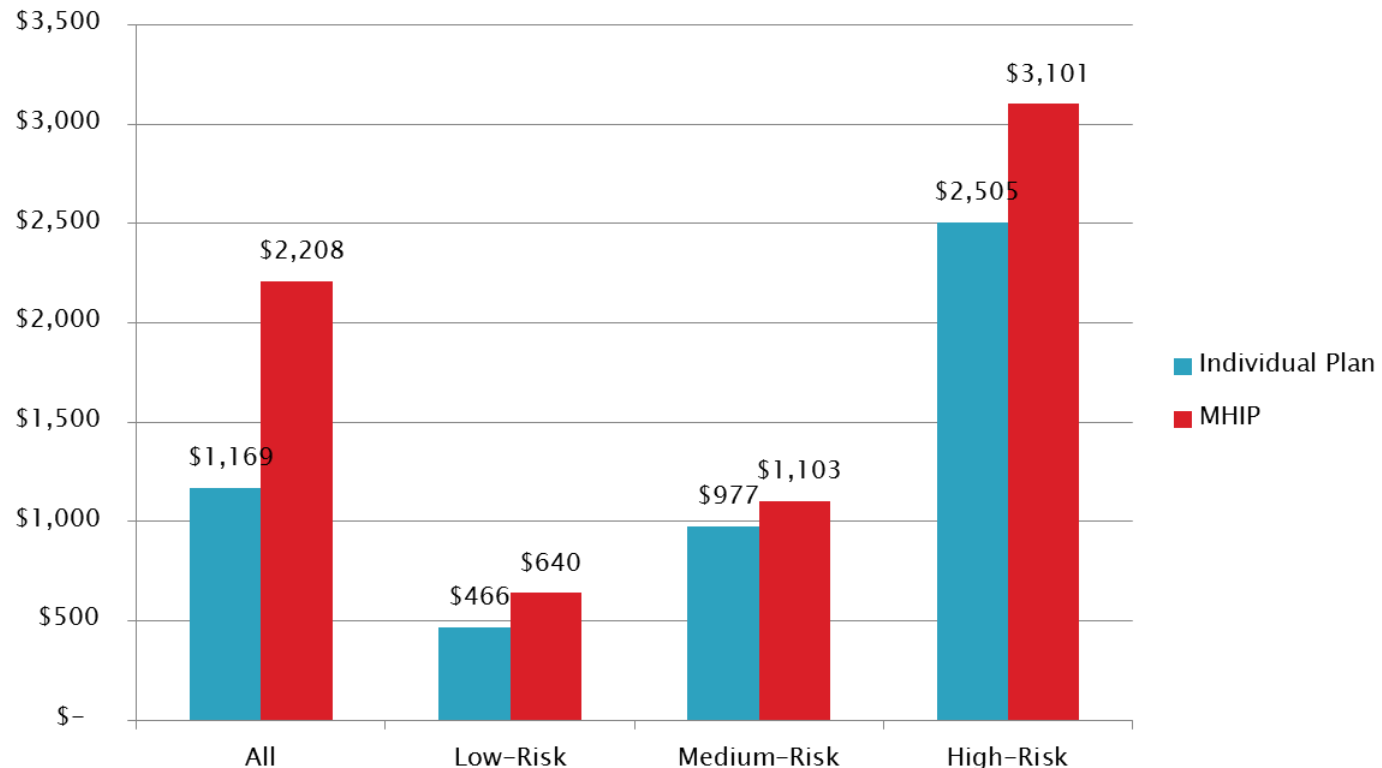
Mix of user risk matters

User Risk Status, Individual Market vs. MHIP, 2009



Effect of user risk mix on spending difference by coverage

Per-User Spending on Professional Services, All and By User Risk Status, 2009





How can data from APCDs be used in policy?

Example #1

- **Analysis of merging individual and high risk markets**
 - Allows look at 2009 per user spending
 - Risk Score of 2.17 (MHIP) vs. 1.05 (individual mkt)
 - Information on differences in risk inform the developers of the Exchange.



Payment Rate for Professional Services

- Overall average payment rate \$36.70 in 2009, 2 percent higher than in 2008
- Payment rate differs by
 - Payer market share
 - Type of service
 - Provider region
 - Provider participating status



Differences by Payer Market Share

- Overall, 2 largest payers account for 70% of services, RVUs, payments with variation by coverage type, network type, and user region
- Payment per RVU (all services) is 12% lower (\$35.30 vs. \$40.30)
- Difference is narrowing: largest payers' average rate increased 2% , while other payers' average rate grew by 1% in 2009



Differences by Participation Status

- **Out-of-network services more common in other payers (8% vs. 5% in largest payers)**
- **Payment rate for out-of-network services 84% higher than rate for in-network services (assuming patients paid their full obligations)**
- **Overall payment rate grew faster for out-of-network services than for in-network services (7% vs. 2%)**



Policy Use of APCDs

Example #2

- **Examine initiatives related to mental health care**
 - 27% of E/M Mental Health RVUs provided out-of-network
 - Payment per RVU: \$27.60 (participating) vs. \$57.40 (non-par)
 - What will happen to cost and supply if mental health care expands?