



# Payment for Professional Services in Maryland (2020 – 2022)

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# Background

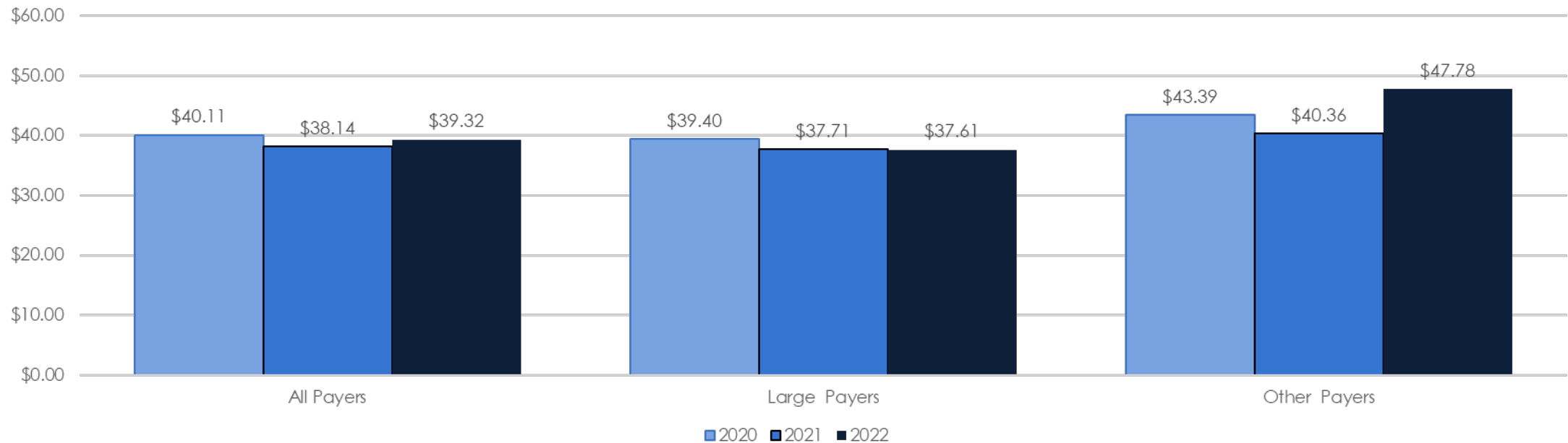
- ▶ MHCC is required to report annually on expenditures for privately insured, professional services using the Maryland Medical Care Data Base (MCDB) 2020 - 2022
- ▶ Study is limited to in-network professional services only. This report excludes self-insured ERISA and Federal Employees Health Benefits (FEHB) health plans due to federal decisions – the 2016 U.S. Supreme Court’s ruling in *Gobeille vs. Liberty Mutual Insurance Company* and the U.S. Office of Personnel Management (OPM) barring payers from reporting ERISA and FEHB data to all-payer claims databases. Market share includes large private payers vs. other private payers.
- ▶ Private payment rates benchmarked to Medicare and Medicaid payment rates.
  - ▶ Medicare and Medicaid fees from CMS and Medicaid, respectively
  - ▶ Relative Value Units (RVU) measures the quantity of care assigned by CMS to a service
- ▶ Study variation in payment rates for professional services in Maryland by private payer market share.

# Impact of Private Payer Market Share on Payment Rates



Payments per RVU for all payers increased about 3.1% (data not shown) in 2022 compared to 2021 (\$38.14 and \$39.32, respectively). The increase was driven by increases in other payers' payment rates. We observed a **4.9%** decrease (data not shown) from 2020 through 2021.

Private In-network payments by market share, 2020 - 2022



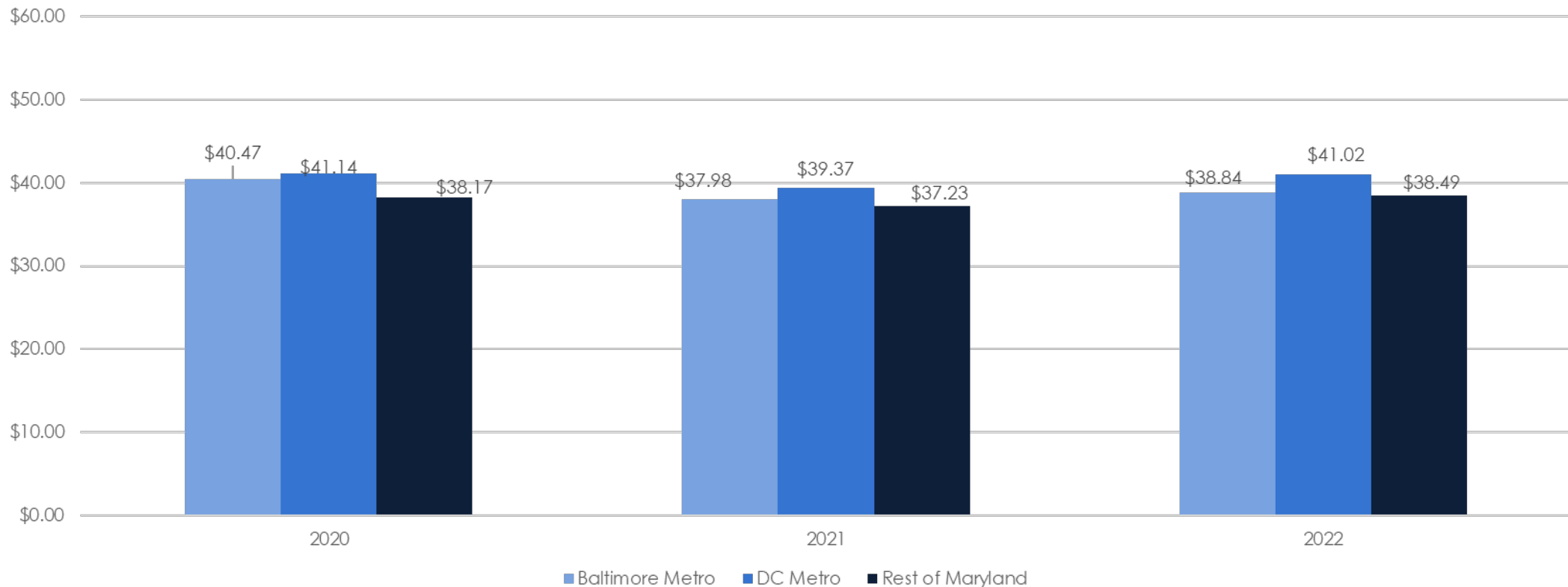
Note: non-claim based payments are not included in these ratios.

# Impact of Maryland Regions on Payment Rates



Private payment rates in 2022 varied by geographic region in Maryland, with the highest rates in DC Metro (\$41.02 compared to \$38.84 in the Baltimore Metro area and \$38.49 in the rest of Maryland). This pattern is consistent with payment levels in the Medicare Physician Fee Schedule – highest in the DC Metro, lower in the Baltimore Metro, and lowest in the rest of Maryland.

Private In-network payments by Maryland Regions, 2020-2022



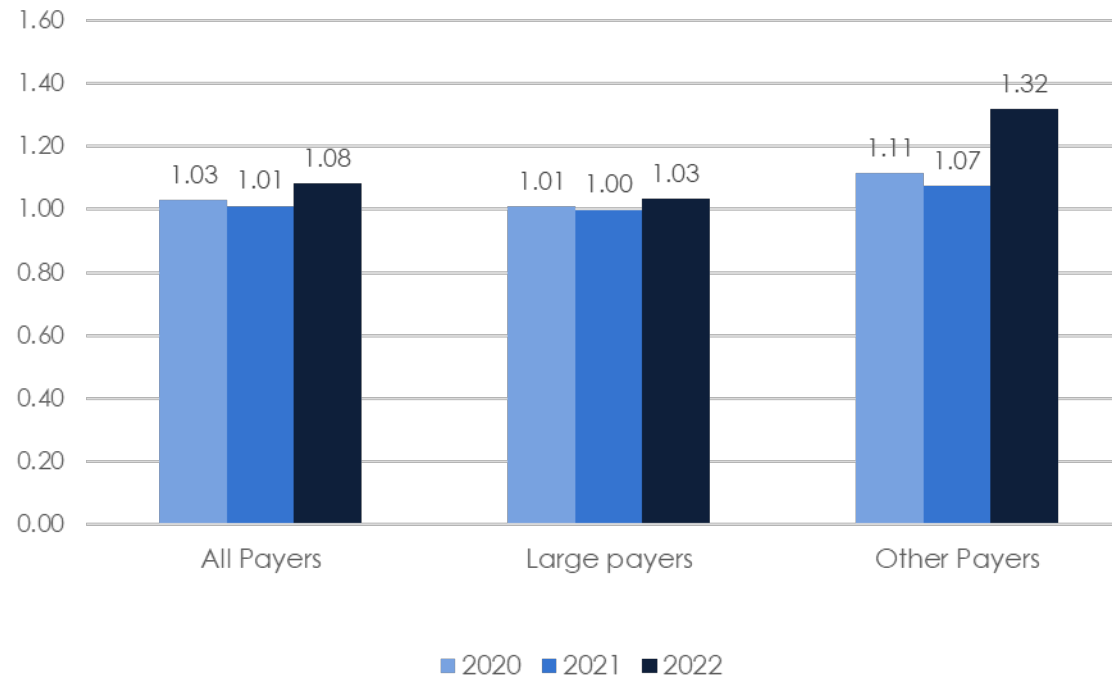
Note: non-claim based payments are not included in these ratios.

# Private Payment Rates Vs Medicare Payment Rates



Payment rate for services reimbursed by all private payers are somewhat higher than what Medicare pays. Other payers' payment rates increased significantly, which may indicate that smaller payers experienced challenges in maintaining their physician networks and responded by raising rates.

**Ratio of Private-to-Medicare Payment Rate by Market Share, 2020 - 2022**



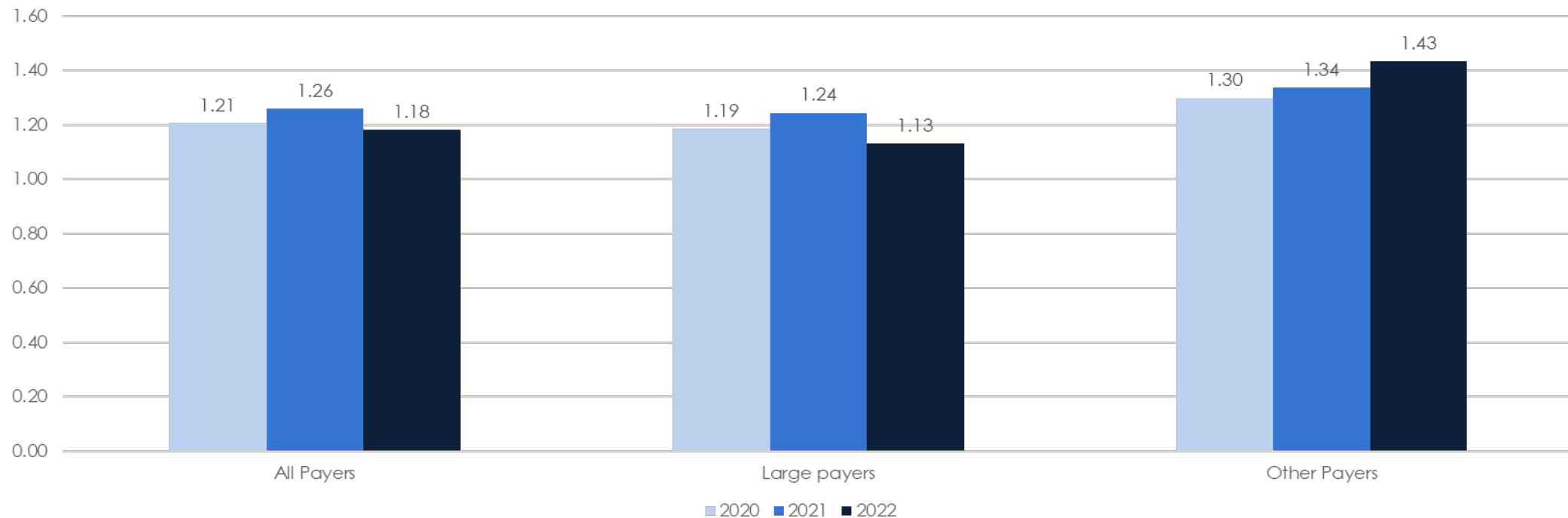
Note: non-claim based payments are not included in these ratios.

# Private Payment Rates Vs Medicaid Payment Rates



Private payers' payment rates for in network services were 18% higher in 2022 than Medicaid's fee levels. By comparison, all private payment rate were 26% higher than Medicaid payment rates in 2021 and 21% higher than Medicaid payment rates in 2020.

Ratio of Private-to-Medicaid payment rate by payer Market Share, 2020-2022



Note: non-claim based payments are not included in these ratios.

# Takeaway



- Payments per RVU for all payers increased by about 3.1% in 2022 compared to 2021 (\$38.14 and \$39.32, respectively). And we observed a 4.9% decrease from 2020 through 2021.
- The private payment rates for 2022 were about 8% percent higher than Medicare fee levels and about 18% higher than Medicaid. Compared to a year ago, private payments were about 1% and 26% higher than Medicare and Medicaid payment rates, respectively.
- Private payment rates in 2022 varied by geographic region in Maryland, with the highest rates in DC Metro (\$41.02 compared to \$38.84 in the Baltimore Metro area and \$38.49 in the rest of Maryland). These differences largely align with differences in Medicare payment rates among the DC Metro, Baltimore Metro, and the rest of Maryland regions.