



# Payments for Professional Services in Maryland (2018 – 2020)

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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) 2018 - 2020
- ▶ Study is limited to in-network professional services only. Study excludes Federal Employee Health Benefit (FEHB) Program data to Office of Personnel Management decision to claim an ERISA-equivalent exemption. 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.



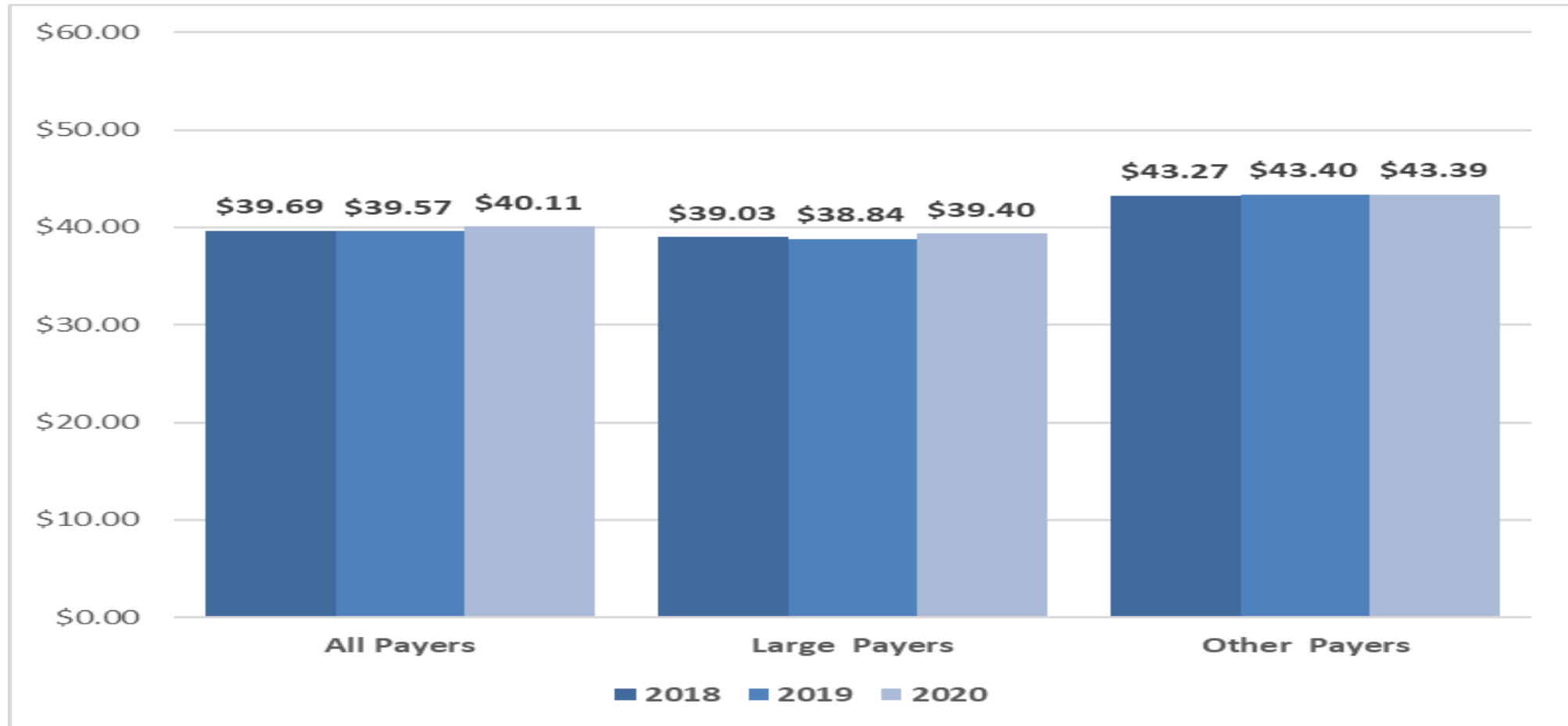
# Rationale for Using Relative Value Units

- ▶ A RVU is a standardized measure of health care professional resources used to produce health
- ▶ Standardizing services by RVUs makes comparisons on resource utilization across surgeries, laboratory tests, and imaging
- ▶ RVUs enable comparison of payments across payers using a standardized measure – payment per RVU -- even though the mix of health services differs.
- ▶ RVUs enables the comparison of RVU productivity across specialties
- ▶ RVUs support cross-market comparison of payment levels

# Impact of Private Payer Market Share on Payment Rates



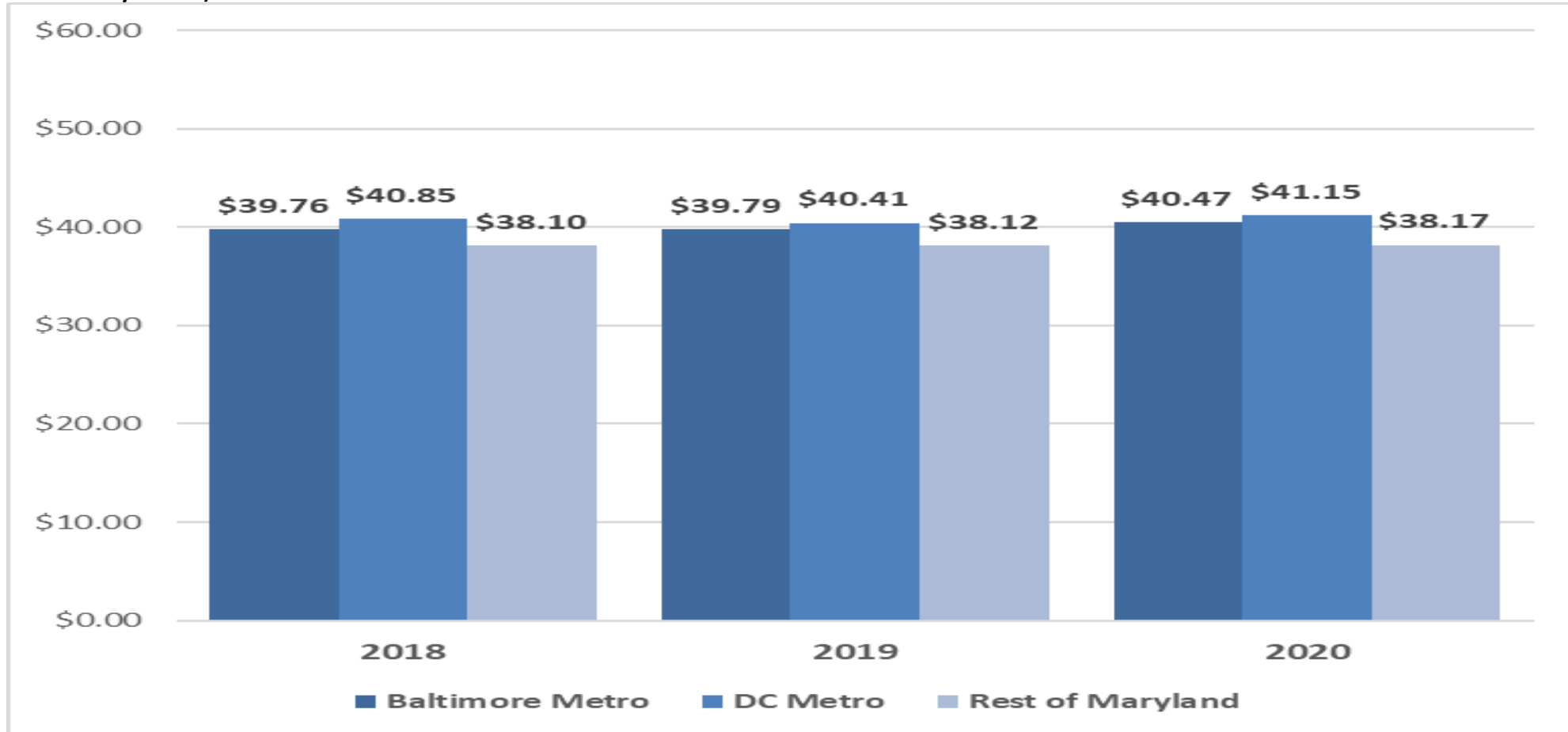
Payments per RVU for all payers increased about 1.4% in 2020 compared to 2019 (\$40.11 and \$39.57 respectively). In contrast, we observed a 0.3% decrease from 2018 through 2019.



# Impact of Maryland Regions on Payment Rates



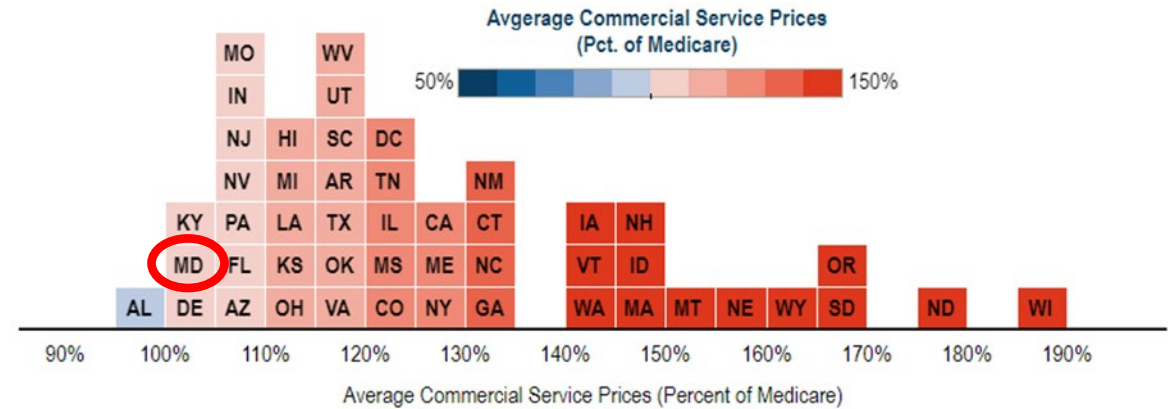
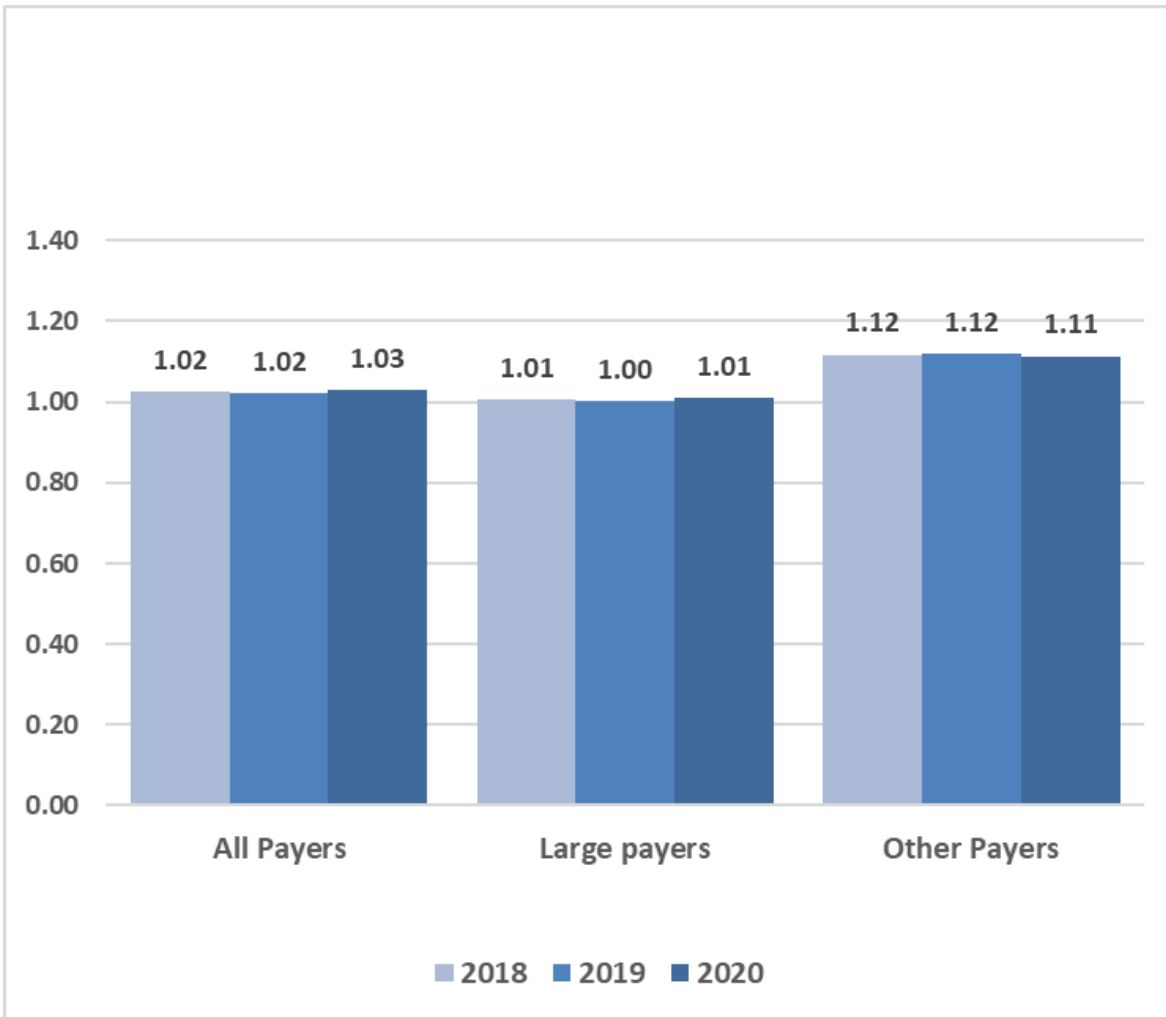
Private payment rates in 2020 varied by geographic region in Maryland, with the highest rates in the DC Metro area (\$41.15 compared to \$40.47 in Baltimore Metro and \$38.17 in the rest of Maryland).



# Private Payment Rates Vs Medicare Payment Rates



Payment rate for services reimbursed by all private payers was comparable to what Medicare would have paid. This is consistent with previous years observations.

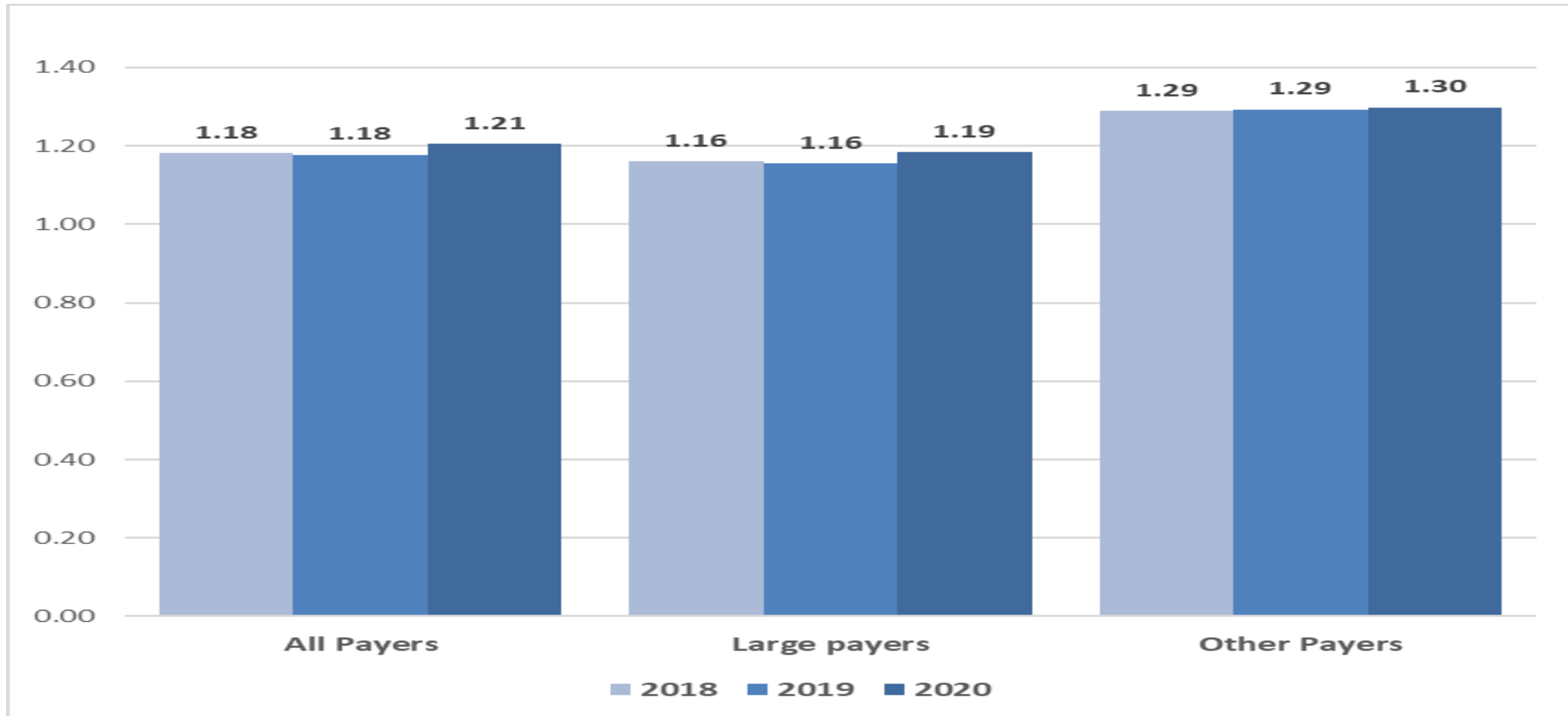


<https://healthcostinstitute.org/hcci-research/comparing-commercial-and-medicare-professional-service-prices>

# Private Payment Rates Vs Medicaid Payment Rates



Payment rate for services reimbursed by all private payers was 21% higher in 2020 compared to Medicaid fee schedule for similar services. This is comparable with previous years observations.



# Takeaway



- Payments per RVU for all payers increased about 1.4% in 2020 compared to 2019 (\$40.11 and \$39.57 respectively). In contrast, we observed a 0.3% decrease from 2018 through 2019.
- The private payment rates for 2020 were about 103% of Medicare and about 121% of Medicaid. Compared to a year ago, private payments were about 102% and 118% of Medicare and Medicaid rates respectively.
- Private payment rates in 2020 varied by geographic region in Maryland, with the highest rates in the DC Metro area (\$41.15 compared to \$40.47 in Baltimore Metro and \$38.17 in the rest of Maryland).