



Changes in Medicare Physician Spending During the COVID-19 Pandemic

**Economic and Health Policy Research, American Medical Association,
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Overview

- Focus on Medicare Physician Fee Schedule (MPFS) services
- Take a broad look at spending and consider the Timing of impacts
- Objectives:
 - Identify providers and settings that were most affected
 - Examine the shift to telehealth


Data and Methods

- Using claims for a 5% sample of Medicare beneficiaries
- Files are available quarterly from CMS
- Estimate impacts through third quarter of 2020 (January-September)
- Previous AMA report estimated impacts through second quarter

Data and Methods

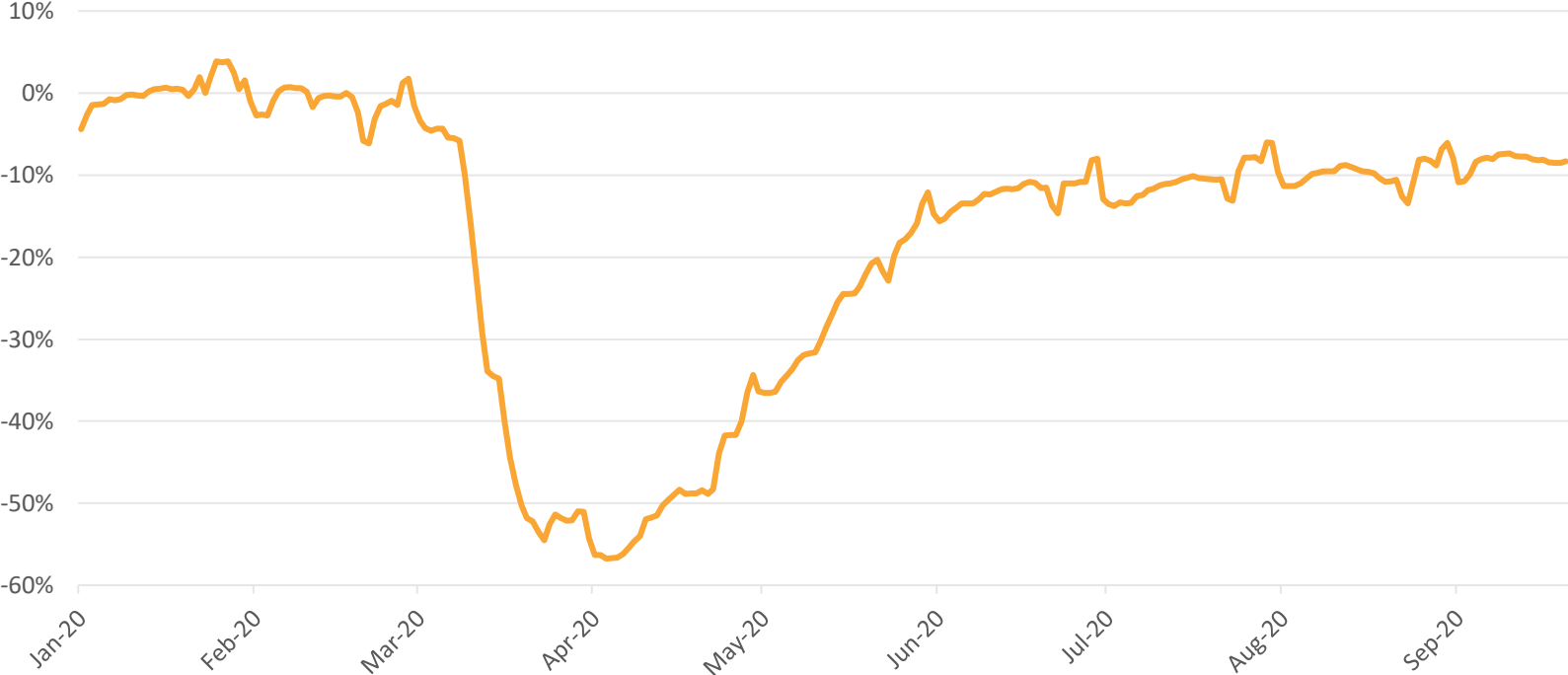
- Impacts are measured by comparing 2020 spending to the pre-pandemic trend
- Totals are extrapolated to the full fee-for-service population

Results



Toms V. Thomas, MD
Member since 2017

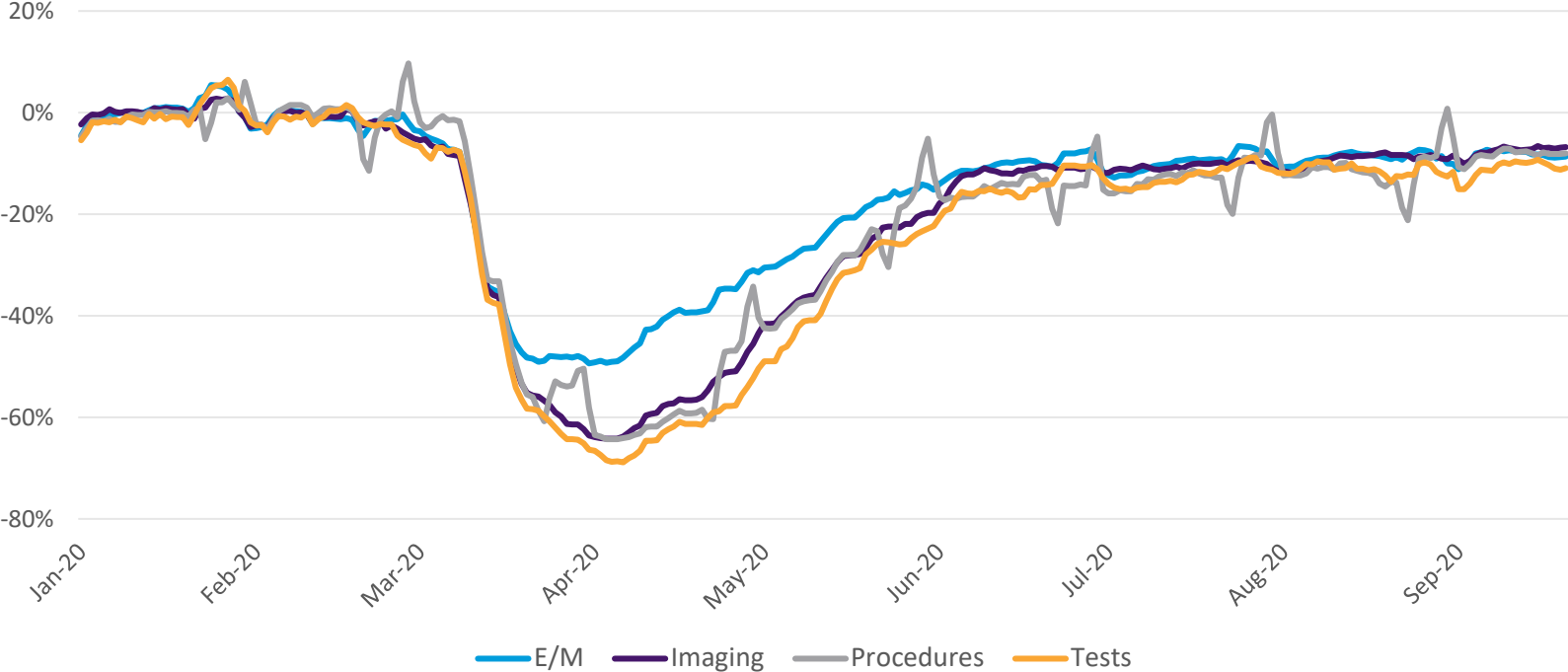
Overall MPFS Spending Jan-Sept 2020 (relative to expected 2020 spending)



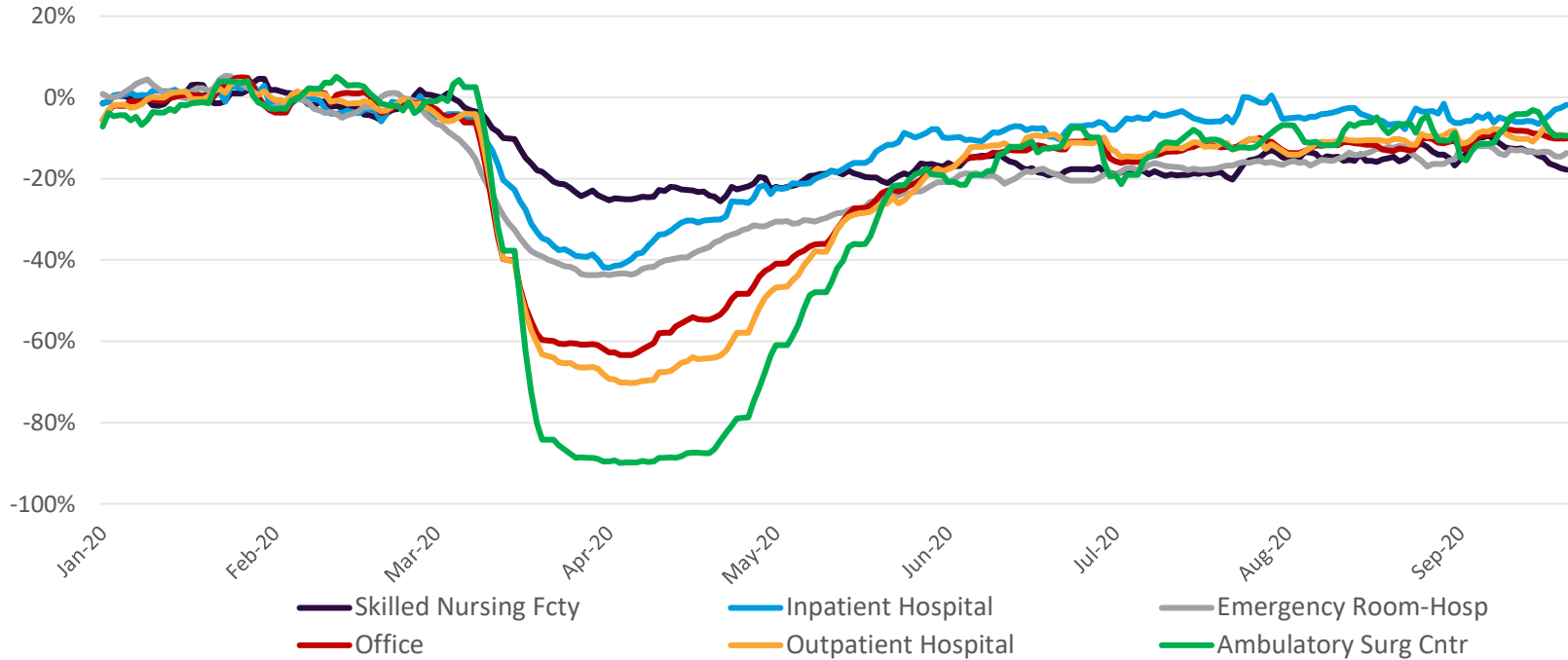
Overall Spending Summary

- MPFS spending dropped sharply in mid-March 2020
- Reached a low of \$845 million in allowed charges for the week ending April 10, 2020 (57% below expected spending of \$1.96 billion for that week)
- Spending recovered but was still down 8% at the end of the third quarter

MPFS Spending by Type of Service Jan-Sept 2020 (relative to expected 2020 spending)



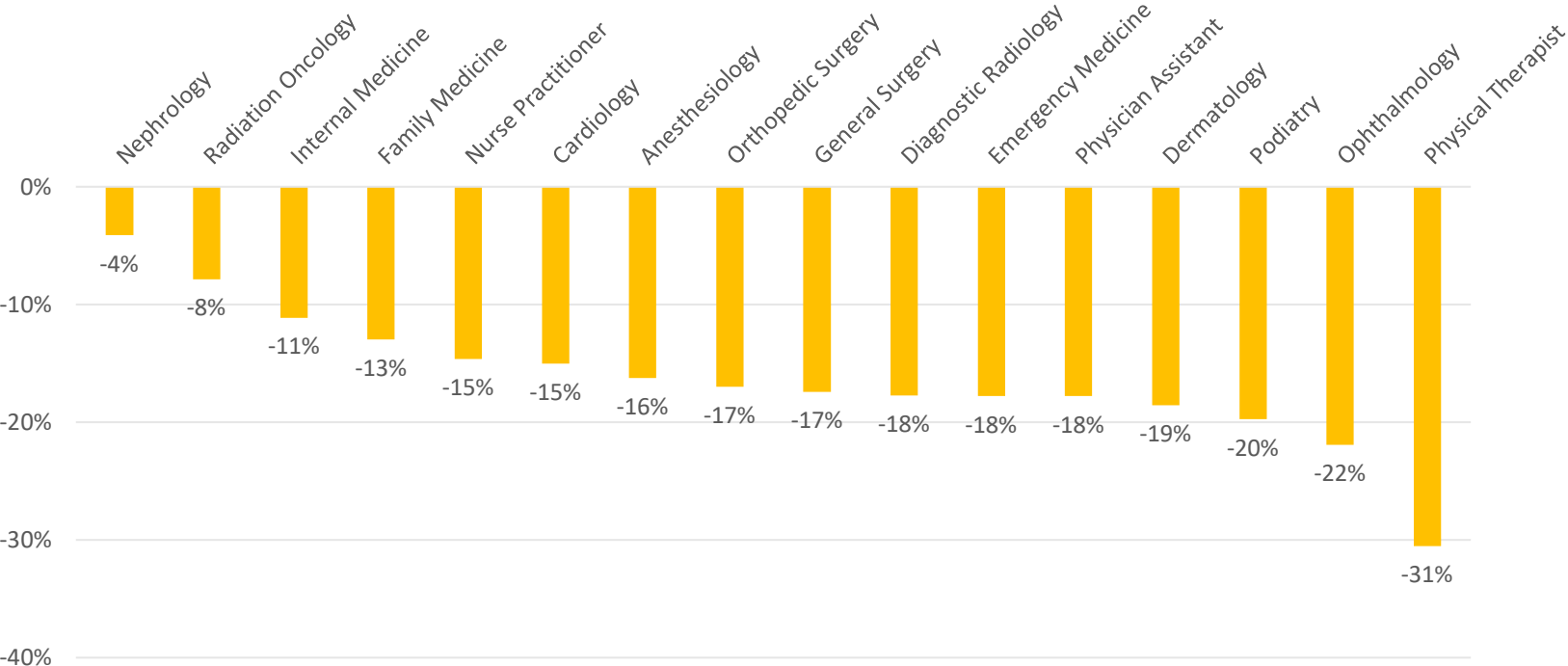
MPFS Spending by Place of Service Jan-Sept 2020 (relative to expected 2020 spending)



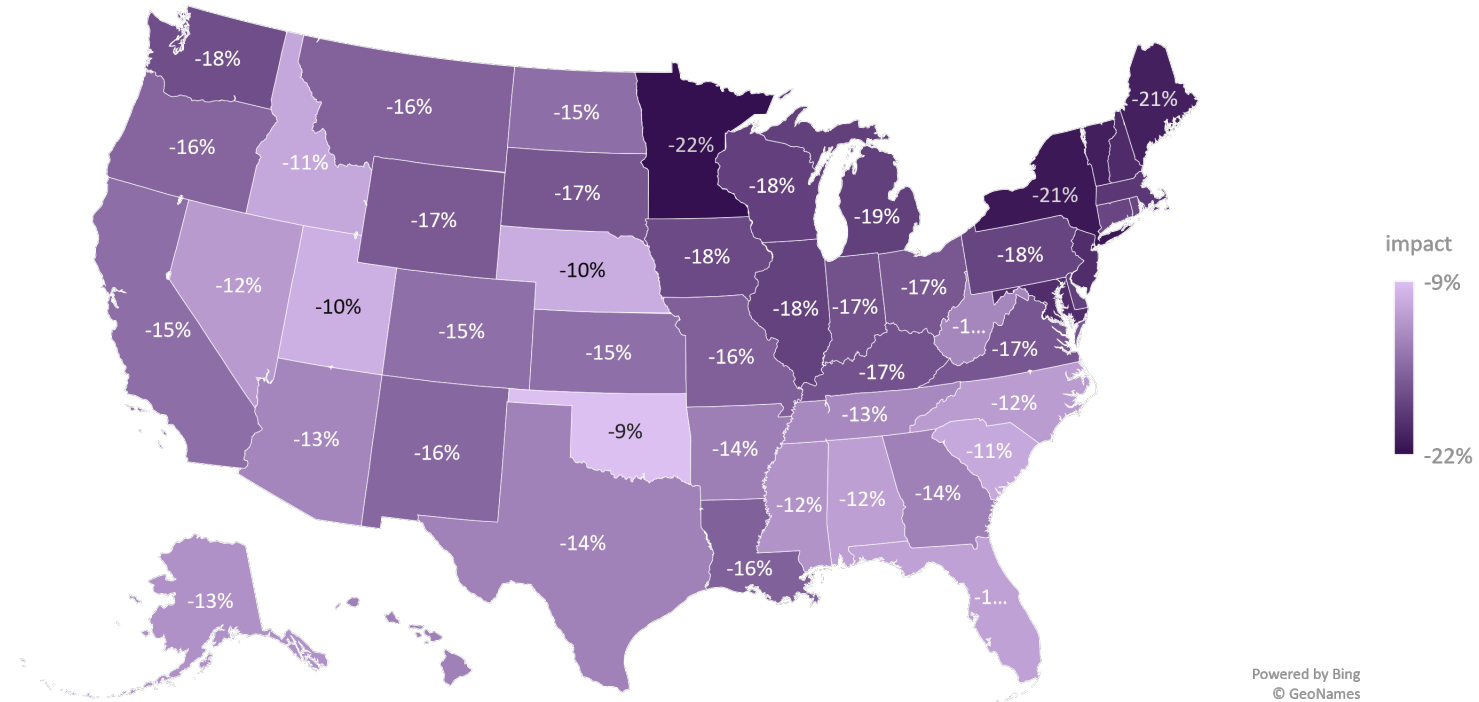
The Cumulative Reduction in MPFS Spending for Jan-Sept 2020 was \$11.5 Billion

- Expected spending Jan-Sept 2020 \$72.6 billion
 - Minus actual spending - \$61.0 billion
 - = Cumulative impact \$11.5 billion
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- The \$11.5 billion cumulative reduction amounts to a 16% reduction in MPFS spending for the first nine months of 2020.
 - (Note: spending is allowed charge – includes both what Medicare pays and beneficiary deductible, coinsurance)

Cumulative Reduction by Specialty



Cumulative Reduction by State

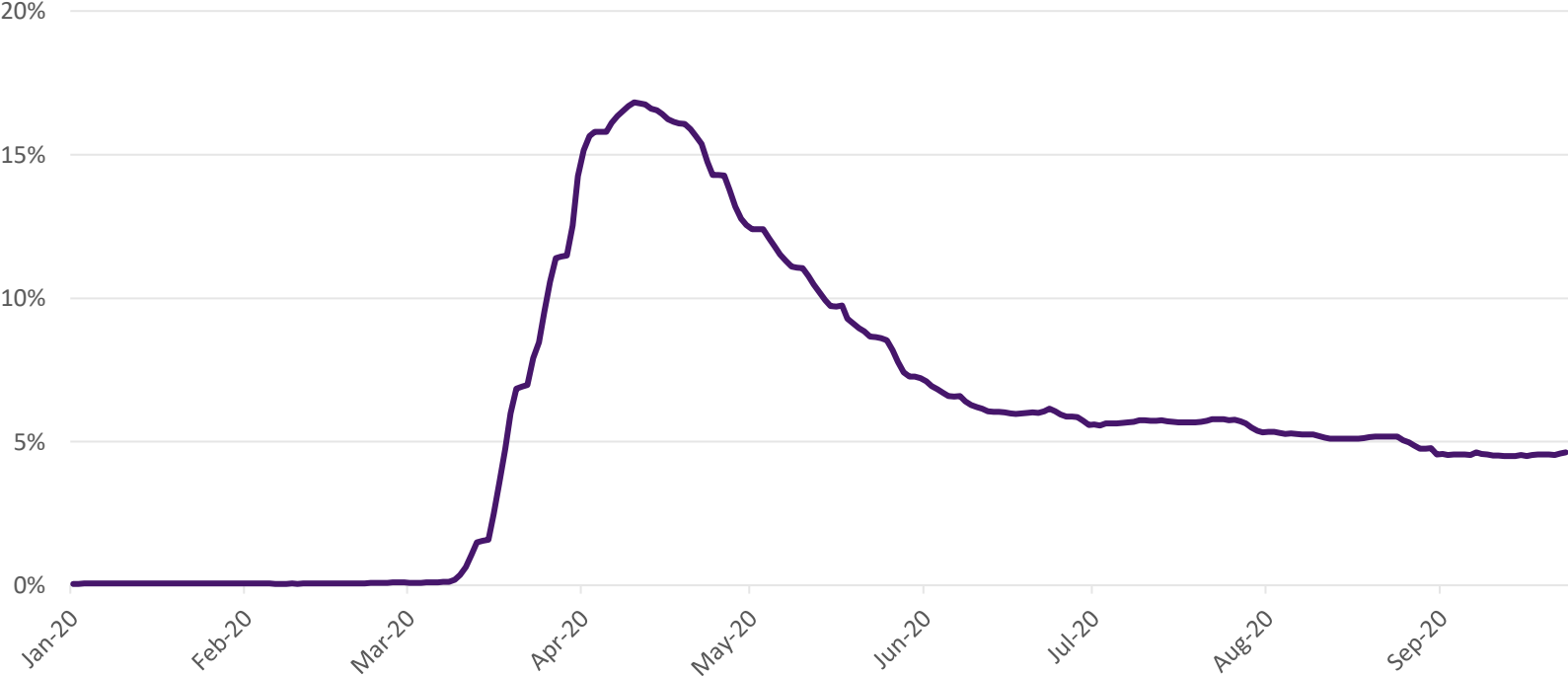


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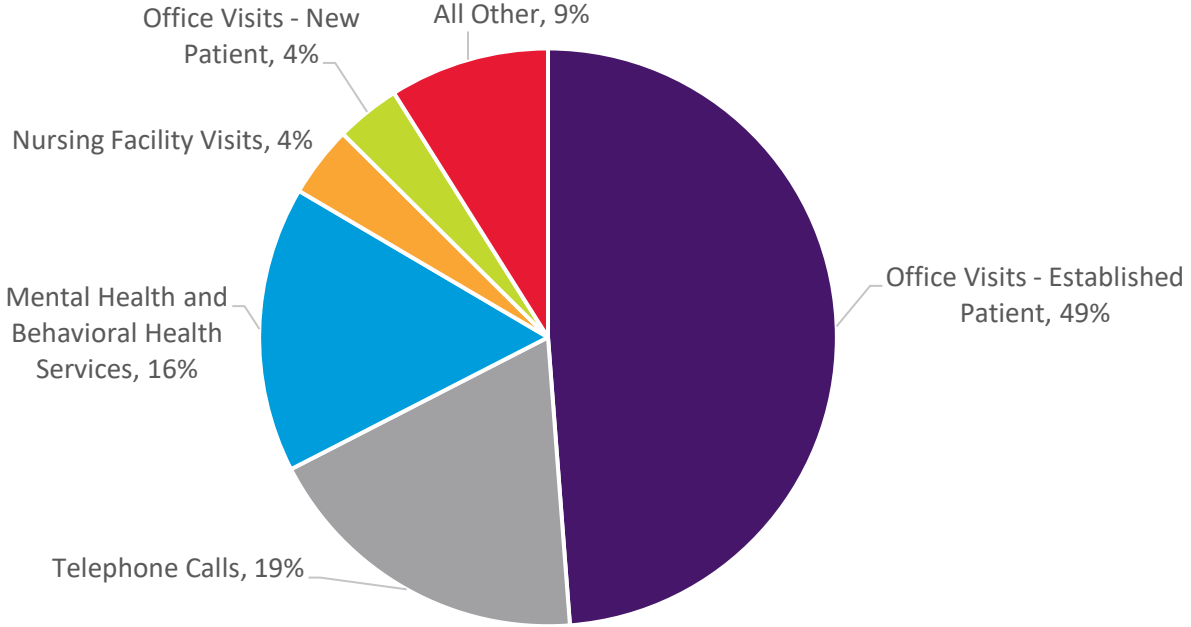
Telehealth Spending

- Telehealth is defined as:
 - CPT/HCPCS codes on CMS' telehealth list (including those added during the pandemic) AND
 - Billed with a telehealth modifier or place of service
- Examine spending overall and by service category

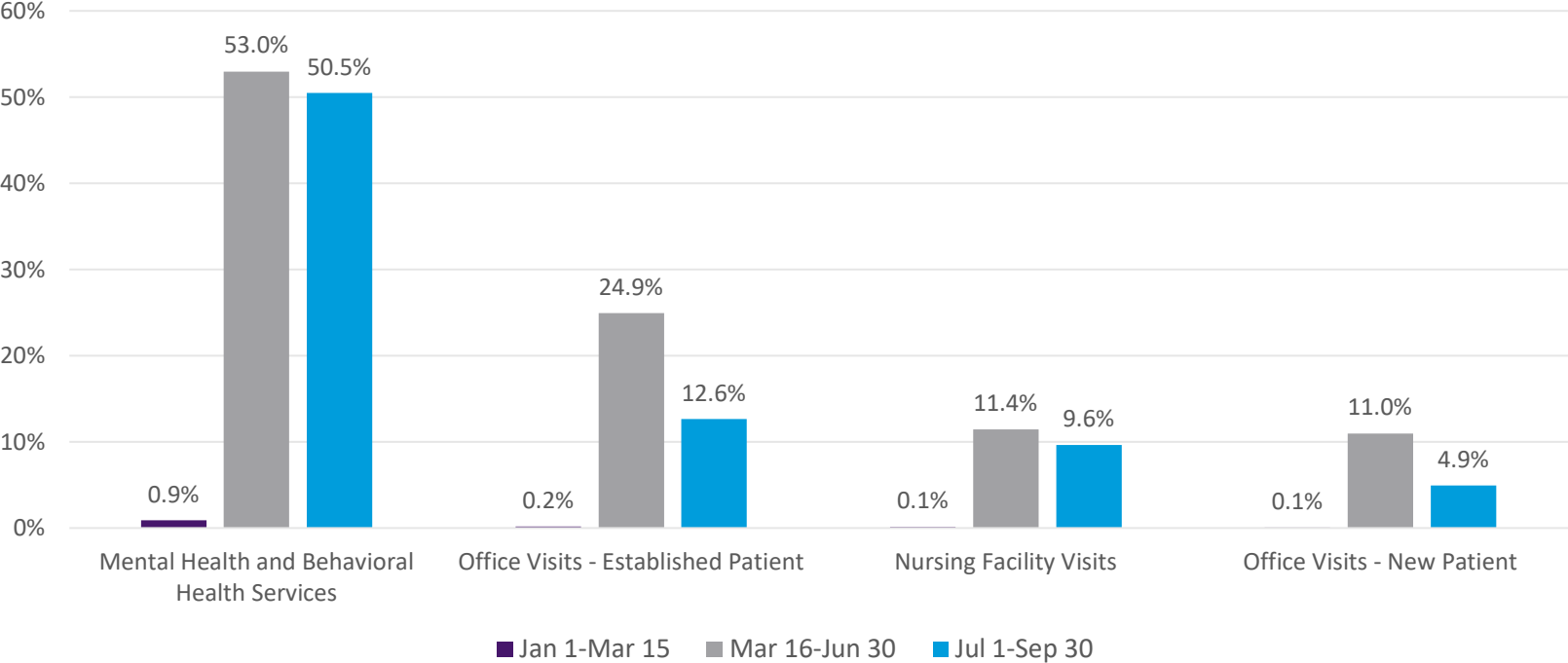
Telehealth Spending as a Share of MPFS Total (Jan-Sept 2020)



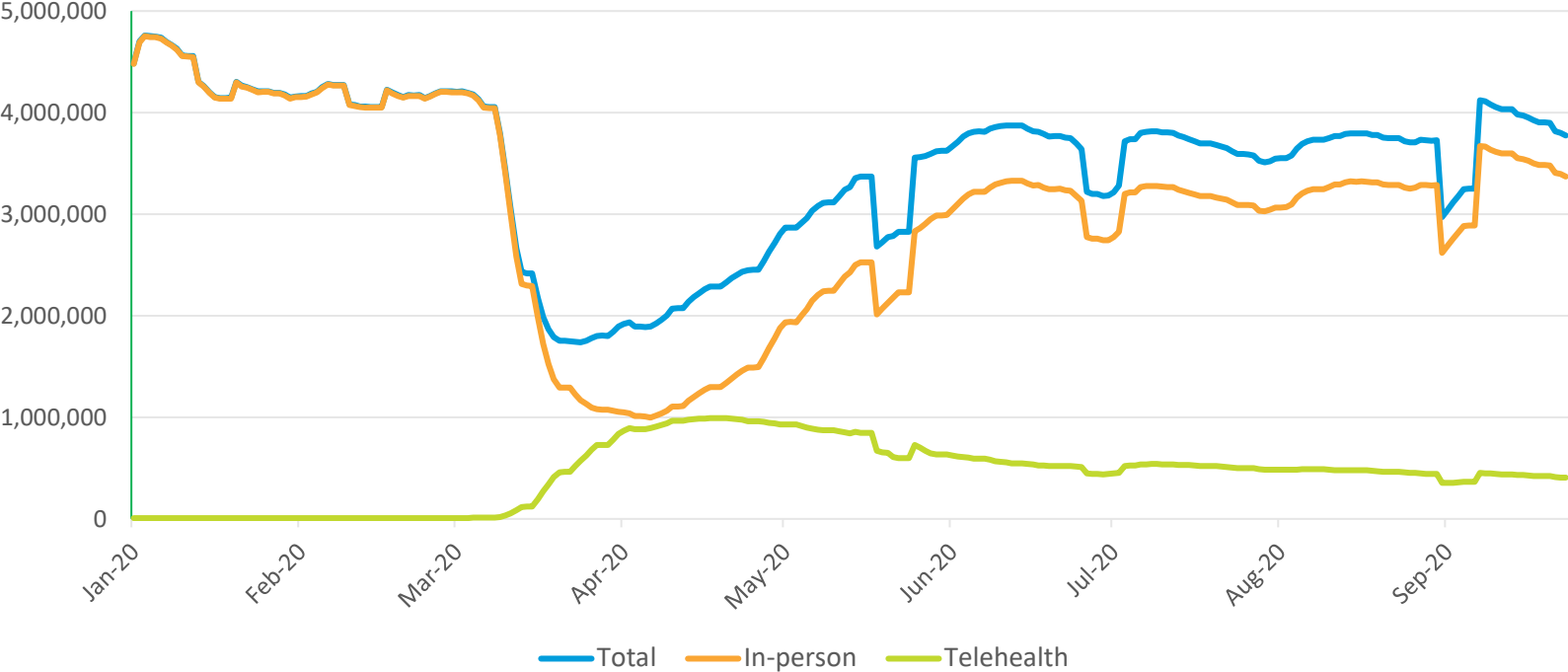
Nearly Half of the \$3.0 Billion in Telehealth Spending Jan-Sept 2020 was for Established Patient Office Visits



Share of Frequency Provided as Telehealth



Number of Established Patient Office Visits Per Week



Summing Up

- Medicare physician spending was down as much as 57% in April 2020 and was still 8% below expected spending at the end of September
- Substantial variation in impacts by type and place of service, specialty and state
- Rapid adoption of telehealth for E/M and Mental Health
- An estimated \$11.5 billion (16%) cumulative reduction in spending through the third quarter of 2020

Looking Ahead

- What impacts will these changes in utilization have on the health of Medicare beneficiaries?
- When will spending/utilization reach pre-pandemic levels?
- Will pent-up demand result in a post-PHE surge in utilization?



Physicians' powerful ally in patient care

Cumulative reduction in MPFS spending Jan-Sept 2020 by specialty

<i>Medicare specialty</i>	<i>Jan-Sept 2020 spending (\$ millions)</i>			<i>% impact</i>
	<i>Actual</i>	<i>Expected</i>	<i>Impact</i>	
Allergy/Immunology	152	190	-39	-20%
Anesthesiology	1,279	1,527	-248	-16%
Cardiac Electrophysiology	485	572	-87	-15%
Cardiac Surgery	160	202	-41	-20%
Cardiology	3,328	3,915	-588	-15%
Chiropractic	456	553	-97	-18%
Clinical Laboratory	399	494	-95	-19%
Clinical Psychologist	549	614	-65	-11%
Clinical Social Worker	447	494	-47	-9%
Colorectal Surgery	103	126	-22	-18%
Critical Care	265	299	-34	-12%
CRNA, Anesthesia Asst	780	957	-177	-19%
Dermatology	2,415	2,964	-549	-19%
Diagnostic Radiology	3,461	4,206	-745	-18%
Emergency Medicine	1,866	2,270	-404	-18%
Endocrinology	329	397	-67	-17%
Family Medicine	3,721	4,275	-554	-13%
Gastroenterology	1,020	1,268	-248	-20%
General Practice	207	228	-20	-9%
General Surgery	1,229	1,488	-259	-17%
Geriatric Medicine	123	144	-21	-15%
Gynecologist/Oncologist	58	77	-18	-24%
Hand Surgery	154	184	-31	-17%
Hematology/Oncology	966	1,045	-79	-8%
Hospitalist	832	972	-140	-14%
Ind Diagnostic Test Fcty	653	735	-82	-11%
Infectious Disease	469	482	-14	-3%
Internal Medicine	6,068	6,827	-759	-11%
Interventional Cardiology	752	903	-150	-17%
Interventional Pain Mgmt	276	314	-38	-12%
Interventional Radiology	387	401	-14	-4%
Medical Oncology	311	347	-36	-10%
Nephrology	1,561	1,628	-67	-4%
Neurology	946	1,132	-186	-16%
Neurosurgery	519	613	-94	-15%
Nuclear Medicine	71	86	-15	-17%
Nurse Practitioner	3,053	3,575	-522	-15%
Obstetrics/Gynecology	323	407	-84	-21%
Occupational Therapist	209	291	-81	-28%
Ophthalmology	3,146	4,029	-883	-22%
Optometry	756	1,009	-254	-25%

Cumulative reduction in MPFS spending Jan-Sept 2020 by specialty (continued)

<i>Medicare specialty</i>	<i>Jan-Sept 2020 spending (\$ millions)</i>			<i>% impact</i>
	<i>Actual</i>	<i>Expected</i>	<i>Impact</i>	
Orthopedic Surgery	2,350	2,831	-481	-17%
Otolaryngology	752	1,007	-255	-25%
Pain Management	334	388	-54	-14%
Pathology	808	986	-178	-18%
Physical Med and Rehab	731	888	-157	-18%
Physical Therapist	2,201	3,168	-966	-31%
Physician Assistant	1,609	1,957	-348	-18%
Plastic Surgery	229	274	-45	-16%
Podiatry	1,260	1,570	-310	-20%
Psychiatry	702	773	-71	-9%
Pulmonary Disease	1,060	1,208	-148	-12%
Radiation Oncology	1,316	1,428	-112	-8%
Rheumatology	357	410	-54	-13%
Sports Medicine	77	95	-18	-19%
Surgical Oncology	61	68	-7	-10%
Thoracic Surgery	238	269	-31	-11%
Urology	1,153	1,354	-201	-15%
Vascular Surgery	853	920	-67	-7%

**MPFS telehealth spending and utilization by service category
Jan-Sept 2020**

<i>Service Category</i>	<i>Telehealth Spending (\$ millions)</i>			<i>Share of Frequency Billed as Telehealth</i>		
	<i>Jan 1- Mar 15</i>	<i>Mar 16- Jun 30</i>	<i>Jul 1- Sep 30</i>	<i>Jan 1- Mar 15</i>	<i>Mar 16- Jun 30</i>	<i>Jul 1- Sep 30</i>
Office Visits - Established Patient	\$4.7	\$912.5	\$534.1	0.2%	24.9%	12.6%
Telephone Calls	\$0.1	\$367.6	\$187.6	100.0%	100.0%	100.0%
Mental Health and Behavioral Health Services	\$2.8	\$248.9	\$224.4	0.9%	53.0%	50.5%
Nursing Facility Visits	\$0.5	\$68.0	\$49.8	0.1%	11.4%	9.6%
Office Visits - New Patient	\$0.4	\$66.0	\$41.2	0.1%	11.0%	4.9%
Home and Other Visits	\$0.1	\$39.4	\$26.7	0.0%	19.6%	13.3%
Preventive Medicine and Other Services	\$1.6	\$38.5	\$24.0	1.0%	15.8%	7.1%
End Stage Renal Disease Services	\$0.5	\$22.6	\$13.7	0.2%	7.6%	6.0%
Hospital Visits	\$3.2	\$19.3	\$13.5	0.2%	0.9%	0.6%
Therapy Services	\$0.0	\$16.1	\$8.0	0.0%	2.9%	0.9%
Transitional Care Management	\$0.0	\$12.6	\$9.0	0.0%	24.2%	14.4%
Advance Care Planning	\$0.0	\$3.8	\$2.4	0.0%	10.3%	5.9%
Medical Nutrition Counseling	\$0.0	\$1.8	\$1.5	0.4%	39.3%	27.1%
Critical Care	\$0.2	\$1.3	\$1.1	0.1%	0.3%	0.3%
Prolonged Services - Outpatient	\$0.0	\$1.3	\$1.1	0.1%	14.7%	10.9%
Radiation Treatment Services	\$0.0	\$0.6	\$0.5	0.0%	1.2%	1.0%
Eye Examinations	\$0.0	\$0.6	\$0.4	0.0%	0.2%	0.1%
Opioid Use Disorder Therapy and Counseling	\$0.0	\$0.1	\$0.1	9.4%	22.2%	18.8%
Emergency Department Visits	\$0.0	\$0.1	\$0.1	0.0%	0.0%	0.0%
Ventilator Management	\$0.0	\$0.1	\$0.0	0.0%	3.0%	2.3%
Electronic analysis of implanted neurostimulator	\$0.0	\$0.0	\$0.0	0.0%	0.5%	0.1%
Cardiac and Pulmonary Rehabilitation	\$0.0	\$0.0	\$0.0	0.0%	0.0%	0.1%
Total	\$14.1	\$1,821.3	\$1,139.4			
% of All MPFS Spending	0.1%	9.3%	5.2%			