

## Study Finds that the AMA Committee Recommendations on Doctor Fees Are Followed Nine Times out of Ten

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To calculate physicians' fees under Medicare – which in turn influence some state and private payers' decisions on how they will pay doctors -- the Centers for Medicare and Medicaid Services (CMS) relies on the recommendations of an American Medical Association advisory panel. A study led by Miriam Laugesen, PhD, at Columbia University's Mailman School of Public Health, found that the Medicare and Medicaid agency closely followed the committee's recommendations on the fees physicians are paid, which are based on an assessment of time and effort associated with various physicians' services.

The findings are reported in the May issue of *Health Affairs*.

The analysis by Dr. Laugesen, Mailman School Assistant Professor of Health Policy and Management, and colleagues at UCLA and the University of Illinois, shows that for services provided between 1994 and 2010, CMS agreed with 87.4% of the recommendations of the committee, known as RUC or the Relative Value Update Committee. The study looked at 2,768 reimbursable services. When the agency differed with these recommendations, it tended to recommend lower fees for certain radiology and medical specialty services.

In recent years primary care doctors have expressed concerns that the AMA committee, which includes representatives from 31 physicians' organizations, has too little representation from their ranks and is partly responsible for the increasing pay gap between primary care doctors and specialists. While the current study did not directly examine this issue, it did find that CMS's decisions are less likely to lower fees for evaluation and management services, which account for a large percentage of primary care providers' income, than for fees of medical specialists.

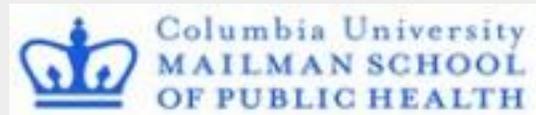
"This is encouraging for providers in primary care and other specialties that bill the greatest proportion of these services," said Dr. Laugesen, who is the principal investigator. "However, it does not explain why there has been no reduction in the income gap between primary care providers and specialists."

Recommendations on physician payments are based on several factors, including the amount of time a procedure takes, the technical skill and mental judgment required, as well as the stress that the physician experiences—a factor related to patient risk. Medicare and Medicaid payments are adjusted for geographical differences in costs based on where the provider is located.

If policy makers or physicians want to change the update process but keep the Medicare fee schedule in its current form, the authors suggest that Congress and CMS make some long-term investments in the agency's ability to undertake research and analysis of issues such as how the effort and time associated with various physician services is determined. Such an investment, they write, "could pay dividends throughout the health care system."

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