

A Perfect Storm: Changes Impacting Medicare Threaten Access to Primary Care in Underserved Areas

A convergence of three policies could reduce physician Medicare payments by 14.9 – 22.3% in 2008, which could jeopardize access for Medicare beneficiaries in underserved areas. Congress and the Executive Branch should coordinate their respective roles in setting Medicare payment policy as their overlapping decisions can have additive impact.

It is well known that Medicare Part B payments are slated for a 10.6% reduction in the summer of 2008 unless Congress intervenes. Two lesser known policies threaten to reduce payments to physicians at nearly the same time. The Health Resources and Services Administration proposed a rule that overhauls the process for designating Medically Underserved Areas (MUAs) and Primary Care Health Professional Shortage Areas (HPSAs) that could take effect in the summer of 2008.¹ Preliminary analysis suggests that 605 HPSAs, containing 32 million persons and 23,805 primary care physicians may lose designation.² Physicians working in certain types of de-designated HPSAs (geographic) would lose a 10% Medicare bonus (Table); those working in newly designated HPSAs would begin receiving the bonus. Medicare Physician Scarcity Areas (PSAs) offer a payment bonus of 5% and are slated to expire in the summer of 2008, affecting more than 25,000 physicians and millions of Medicare beneficiaries (Table). The convergence of these policies would produce cuts of 14.9-18.5% for primary care physicians working in a de-designated HPSA or PSA. Combined HPSAs-PSAs are some of the most underserved communities and physicians working in them could see Medicare payment cuts of 22.3% in one year.

Table: Medicare beneficiaries and physicians potentially affected by multiple payment cuts

Designation Area	Payment Loss (with -10.6%)	Medicare Beneficiaries	Primary Care Physicians	Family Physicians
PSA	-5% (-14.9%)	7,539,659	24,719	13,031
Geographic HPSA	-10% (-18.5%)	556,122	3,829	1,453
Geographic HPSA & PSA	-15% (-22.3%)	239,272	913	507

Data Sources: AMA Master File, September 2007, Census Population Estimate, July 2006, HRSA Primary Care HPSA and PSA data, March 2008

The PSA incentive payment deserves evaluation as mandated by Congress. Before rescinding it, we should know if it worked. The proposed HPSA regulations may offer bonus payments to more physicians than will lose them; however, many areas that may be de-designated are urban, and whose underserved populations are not adequately assessed by the proposed method. We have only focused on the payment effects, but there are many other potential adverse effects.

This 'Perfect Storm' of reimbursement loss for providers in underserved areas may severely compromise access for Medicare beneficiaries and others if it makes caring for them or working in these areas unattractive or financially impossible. No single policy-making body has oversight of all three payment proposals and policy-makers should consider their convergence and options to maintain access to a personal physician for the people living in these communities.

REFERENCES:

¹<http://bhpr.hrsa.gov/shortage/hpsafrn022908.htm>

²Shin P, Ku L, Jones E, Rosenbaum S. *Analysis of the Proposed Rule on Designation of Medically Underserved Populations and Health Professional Shortage Areas*. Geiger Gibson/RCHN Community Health Foundation Research Collaborative, The George Washington University, School of Public Health and Health Services, Department of Health Policy Research Brief #2. Available at: <http://www.gwumc.edu/sphhs/departments/healthpolicy/chsrp/downloads/MUAreport41108.pdf>. Accessed April 18, 2008.