

# Payments for Professional Services in Maryland (2016 – 2018)

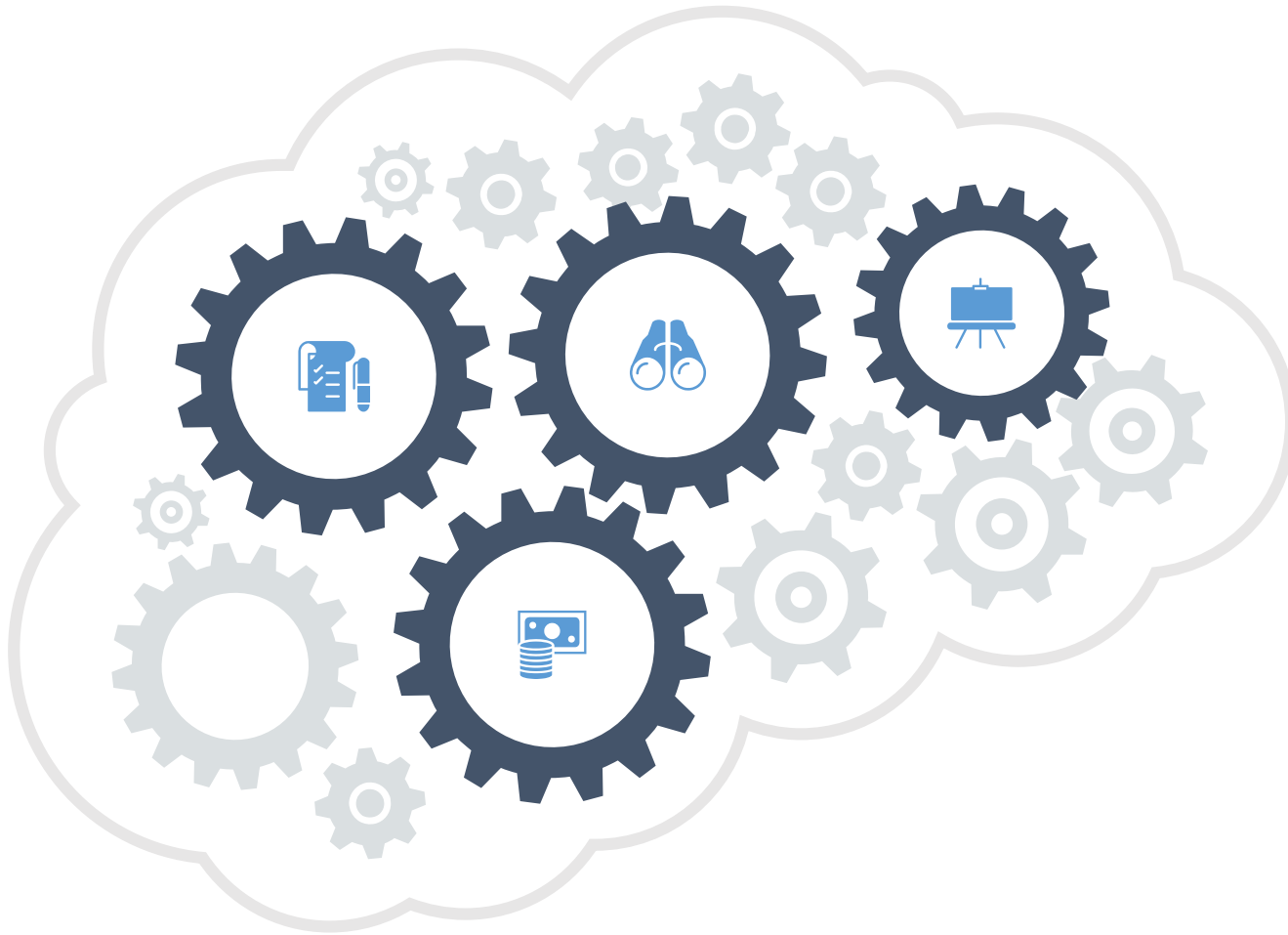
Commission Meeting

January 16, 2020

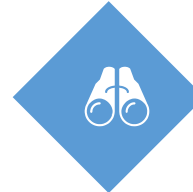
Shankar Mesta



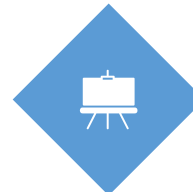
# Background



MHCC is required to report annually on expenditures for privately insured professional services using the Maryland Medical Care Data Base (MCDB). (This year: 2016 – 2018 data).



Study is limited to in-network professional services only. Market share includes large private payers vs. other private payers



Private payment rates benchmarked to Medicare and Medicaid payment rates.

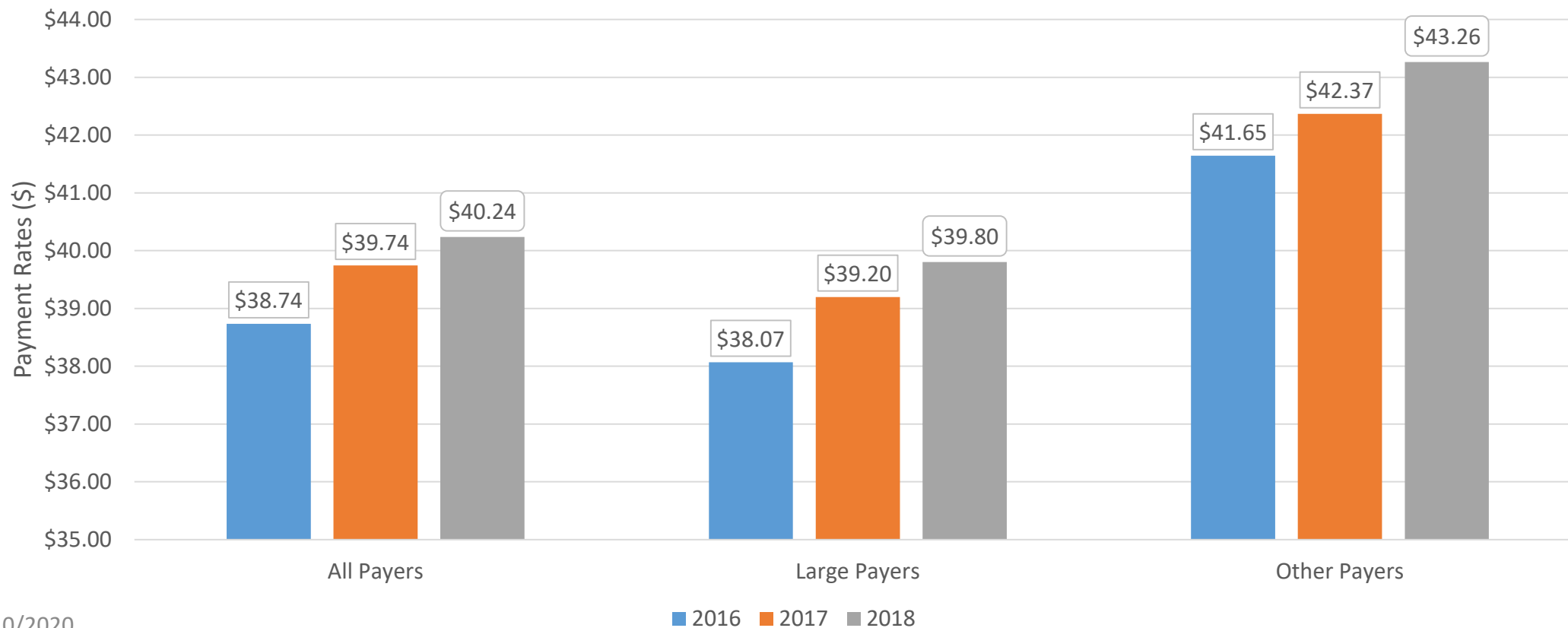
- Medicare and Medicaid fees from CMS and Medicaid, respectively
- Relative Value Units (RVU) measure the quantity of care assigned by CMS to a service



Study provides variation in payment rates for professional services in Maryland by private payer market share.

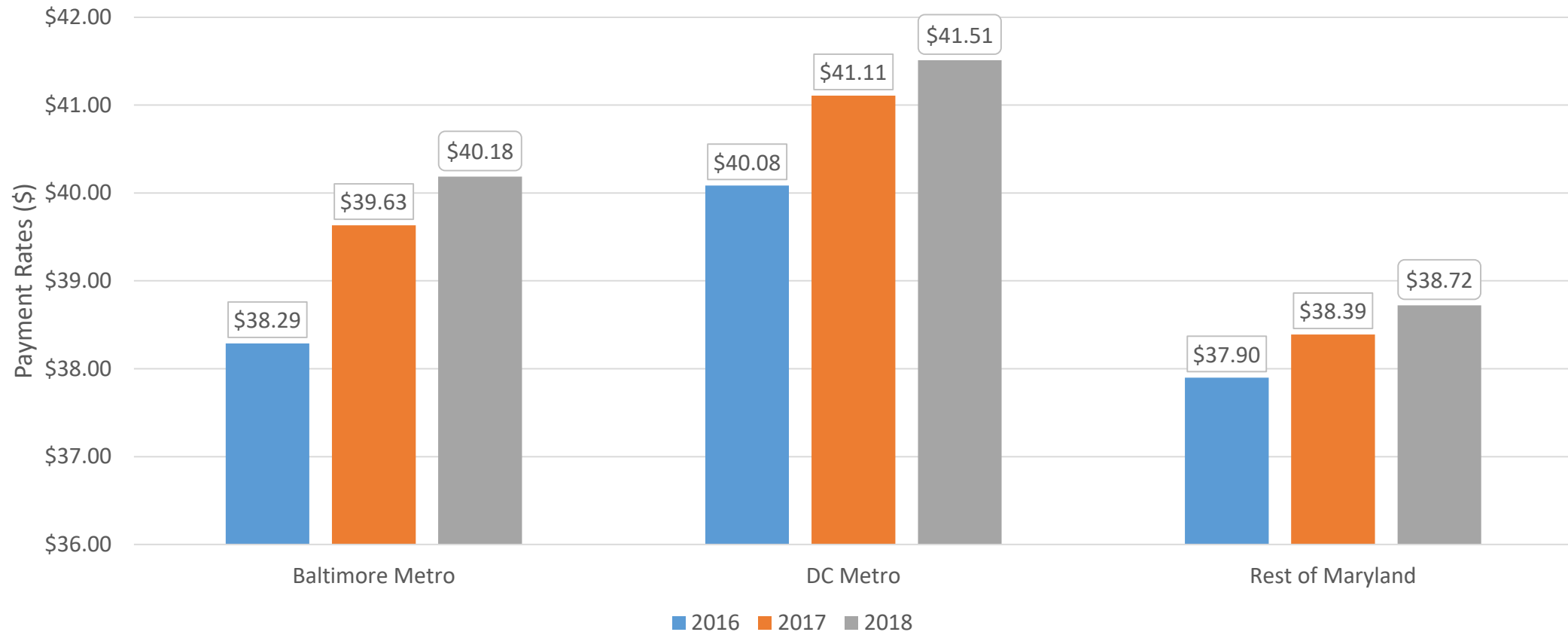
# Impact of Private Payer Market Share on Payment Rates

In 2018, payments per RVU for all payers was \$40.24, up by 1.2 percent compared to 2017 (\$39.74). This rate increase was slower compared to a 2.6 percent increase from 2016 to 2017.



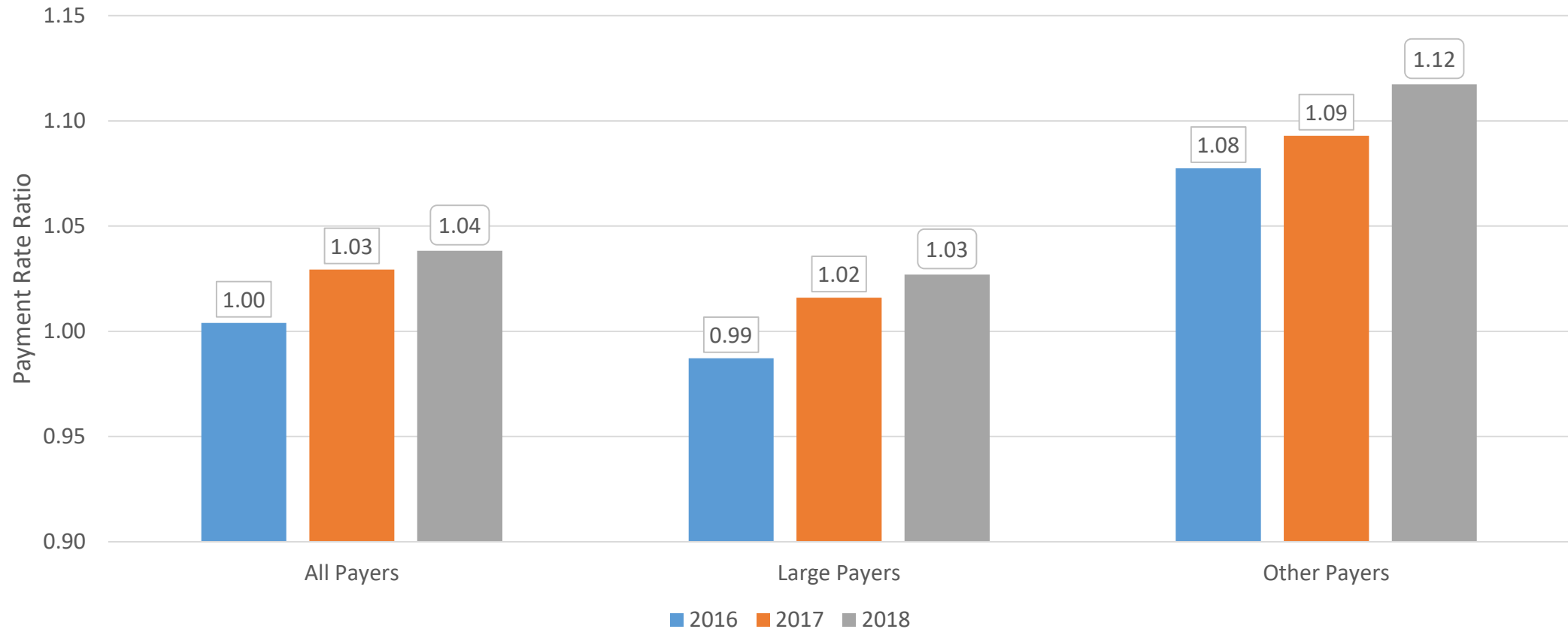
# Impact of Maryland Regions on Payment Rates

Payment rates varied across regions with the highest rates in the DC Metro Area. This is consistent with previous years' observations.



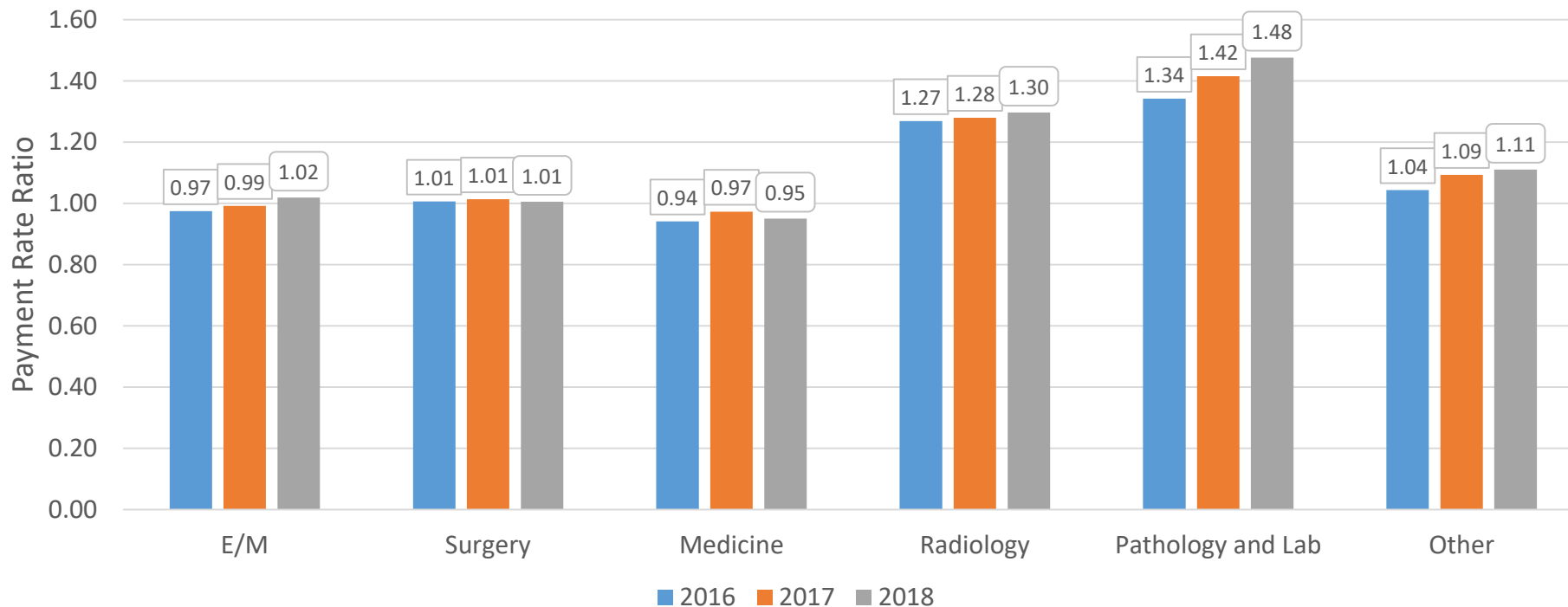
# Private Payment Rates v. Medicare Payment Rates

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



# Private Payment Rates v. Medicare Payment Rates By Type of Service

- Consistent with previous years, private payment rates are similar to Medicare for evaluation and management services, and generally higher for imaging and tests.
- Private payers paid 27%, 28% and 30% more for imaging services during 2016, 2017 and 2018, respectively.
- Private payers paid 34%, 42% and 48% more for test services during 2016, 2017 and 2018, respectively.



## Distribution of Private Allowed Amounts By Type of Service, 2018 (in \$ Millions)

Although private payment ratios for Imaging and Test services were higher compared to other services (see previous slide), they only contributed 15% and 2%, respectively towards total professional services expenditures.

Type of Service	Allowed Amount	Allowed Amount Distribution
E/M	\$515	48%
Surgery	\$76	7%
Medicine	\$296	28%
Radiology	\$163	15%
Pathology and Lab	\$24	2%
Other	\$0	0%
<b>Total</b>	<b>\$1,075</b>	<b>100%</b>

# Private Payment Rates v. Medicaid Payment Rates

Payment rates for services reimbursed by all private payers were 15%, 18%, and 20% higher compared to Medicaid fee schedule for similar services. This is comparable with previous years' observations.



# Private Payment Rates v. Medicaid Payment Rates By Type of Service

- Payment rates for private payers are generally higher compared to Medicaid payment rates.
- Private payers paid 59%, 63% and 66% more for imaging services during 2016, 2017 and 2018, respectively.
- Private payers paid 87%, 93% and 104% more for tests services during 2016, 2017 and 2018, respectively.

