

10-Year Assessment of Growth in Payment for Provider Service Codes

Avalere Health | Part of Fishawack Health
August 2023

Avalere Assessed Physician Reimbursement Erosion Comparing Payment Rates for the Same Services by Setting*

Data Element	Source File
Physician Payment	Medicare Physician Fee Schedule Payment Rate Files (2014-2023)
Hospital Payment	Hospital Outpatient Prospective Payment System Rate Files (2014-2023)
Inflation	US Bureau of Labor Statistics, Consumer Price Index Historical Tables (2014-2023)
Conversion Factor	American Medical Association, History of Medicare Conversion Factors (2014-2023)

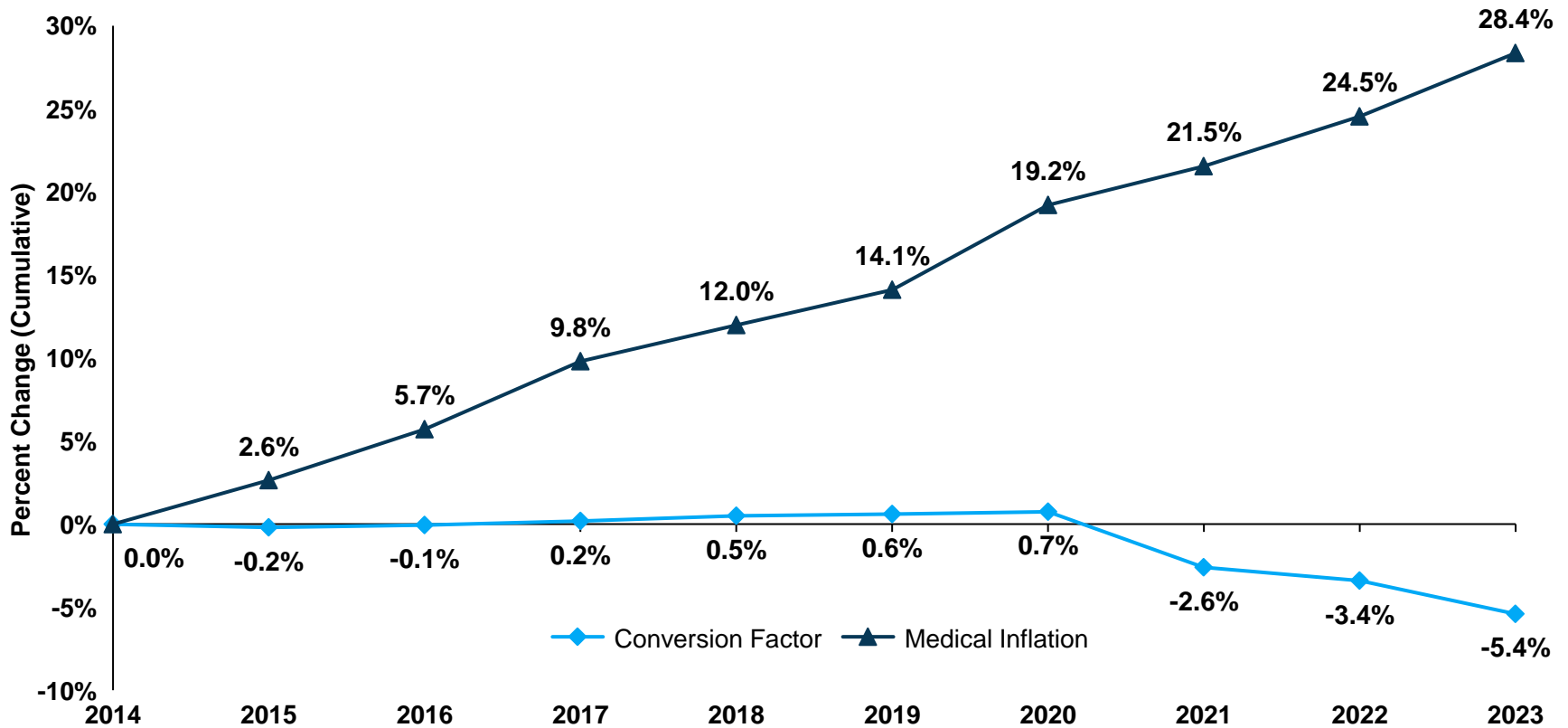
CPT Code	Description
96413	Chemotherapy administration, intravenous infusion technique; up to 1 hour, single or initial substance/drug
96365	Intravenous infusion, for therapy, prophylaxis, or diagnosis of a substance or drug; initial, up to 1 hour
96367	Intravenous infusion, for therapy, prophylaxis, or diagnosis of a substance or drug; that is administered as a secondary or subsequent service
99214	Level 4 E/M service; office or outpatient visits for established patients

Limitations: This analysis did not assess changes to RVU per service type, project inflation adjusted hospital payments, or include potential payments from alternative payment model or MIPS participation.

*Selected codes for this analysis included office/outpatient visit est (99213, 99214, 99215), subsequent hospital care (99233), office/outpatient visit new (99205), hospital outpatient clinic visit (G0463), chemo iv infusion 1 hr (96413), Tx/proph/dg addl seq iv inf (96367), chemo iv infus each addl seq (96417), ther/proph/diag iv inf init (96365), Tx/pro/dx inj new drug addon (96375)
E/M: Evaluation/Management; RVU: Relative Value Unit; MIPS: Merit Based Incentive Payment System

The Gap Between Rate of Change of Inflation and the Conversion Factor May Result In Physician Underpayment

Cumulative Change In Conversion Factor And Medical Inflation Since 2014, By Year



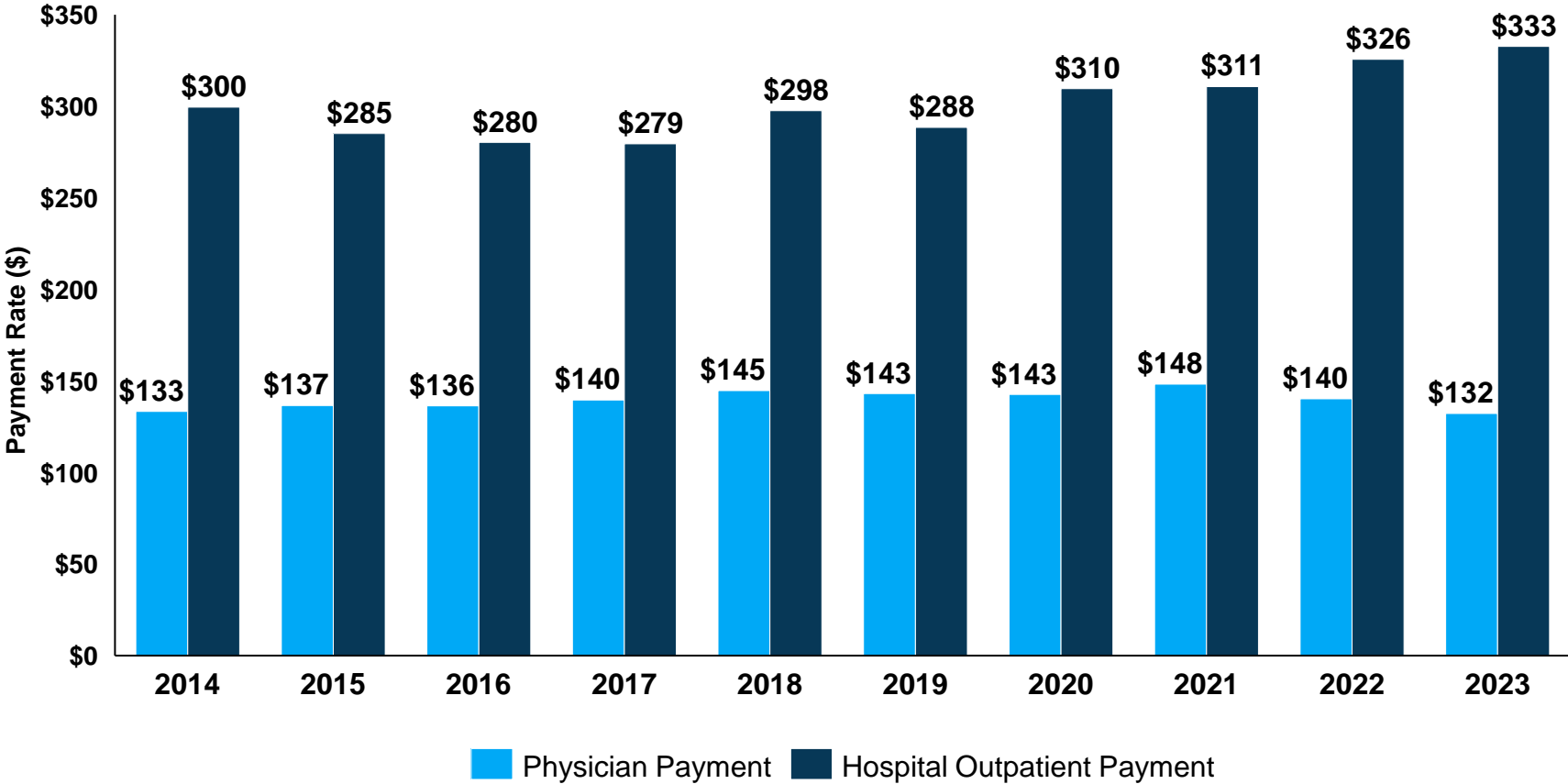
Source: Avalere analysis of:

- US Bureau of Labor Statistics. "Consumer Price Index Historical Tables for US City Average. 2023. Available [here](#).
- US Bureau of Labor Statistics. "BLS Data Viewer." 2023. Available [here](#).
- American Medical Association. "History of Medicare Conversion Factors." 2023. Available [here](#).



Physician Payment for Chemotherapy Infusion Is Nearly the Same 10 Years Ago and Lower Than Hospital Rates

Physician and Hospital Payment For 1 Hour Chemo IV Infusion (Code 96413), 2014-2023

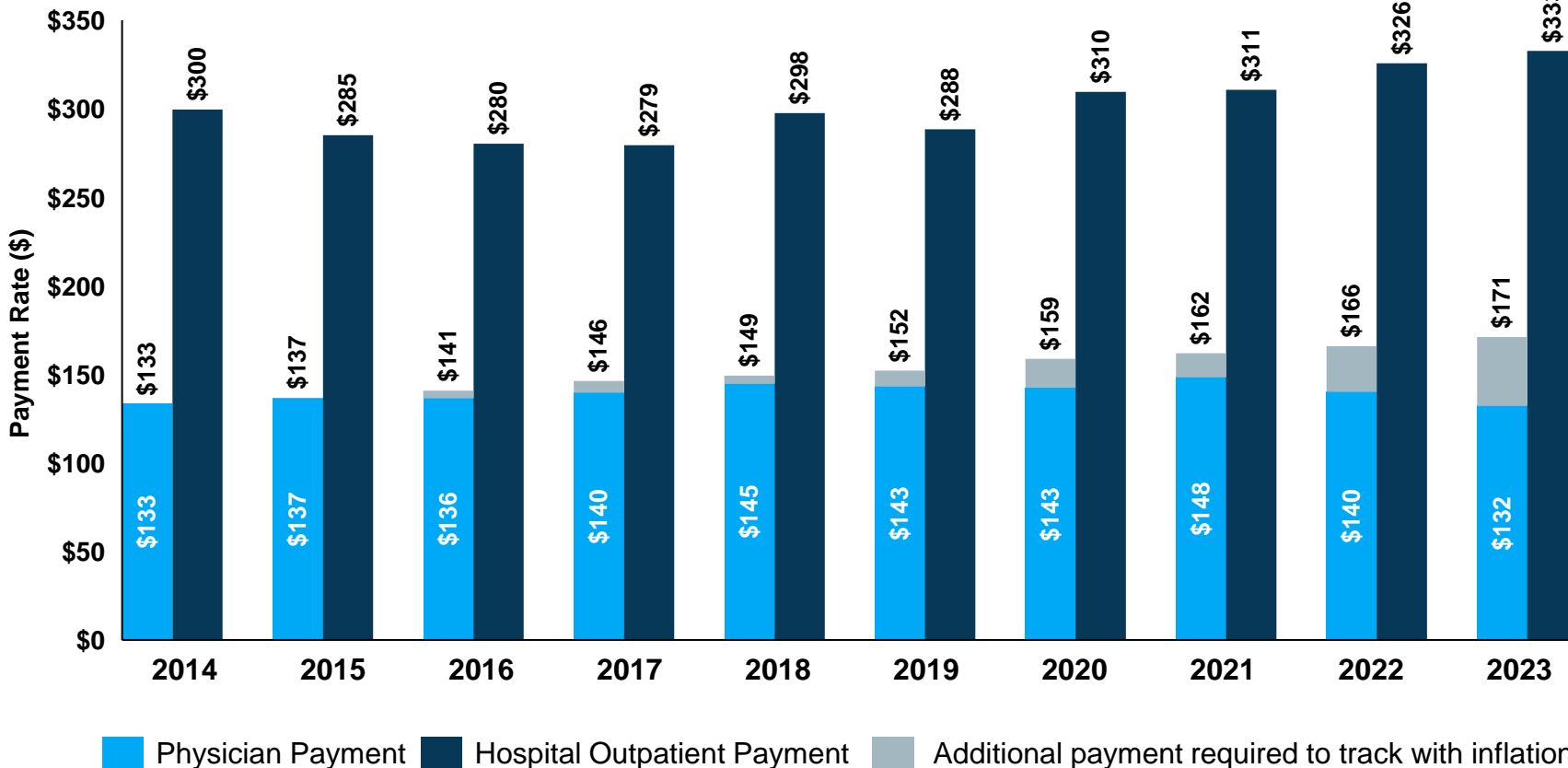


Source: Avalere analysis of:
 • Medicare Physician Fee Schedules, 2014-2023
 • US Bureau of Labor Statistics. "Consumer Price Index Historical Tables for US City Average. 2023. Available [here](#).
 • US Bureau of Labor Statistics. "BLS Data Viewer." 2023. Available [here](#).
 • American Medical Association. "History of Medicare Conversion Factors." 2023. Available [here](#).

Note: Physician payment represents the non-facility physician rate; Hospital outpatient represents OPPS APC rate IV: Intravenous

Inflation-Adjusted Physician Payment Remains Lower than Actual Hospital Payment for the Same Service

Inflation Adjusted Physician Payment and Hospital Payment For 1 Hour Chemo IV Infusion (Code 96413), 2014-2023



Source: Avalere analysis of:

- Hospital Outpatient Prospective Payment Schedules, 2014-2023
- US Bureau of Labor Statistics. "Consumer Price Index Historical Tables for US City Average. 2023. Available [here](#).
- US Bureau of Labor Statistics. "BLS Data Viewer." 2023. Available [here](#).
- American Medical Association. "History of Medicare Conversion Factors." 2023. Available [here](#).

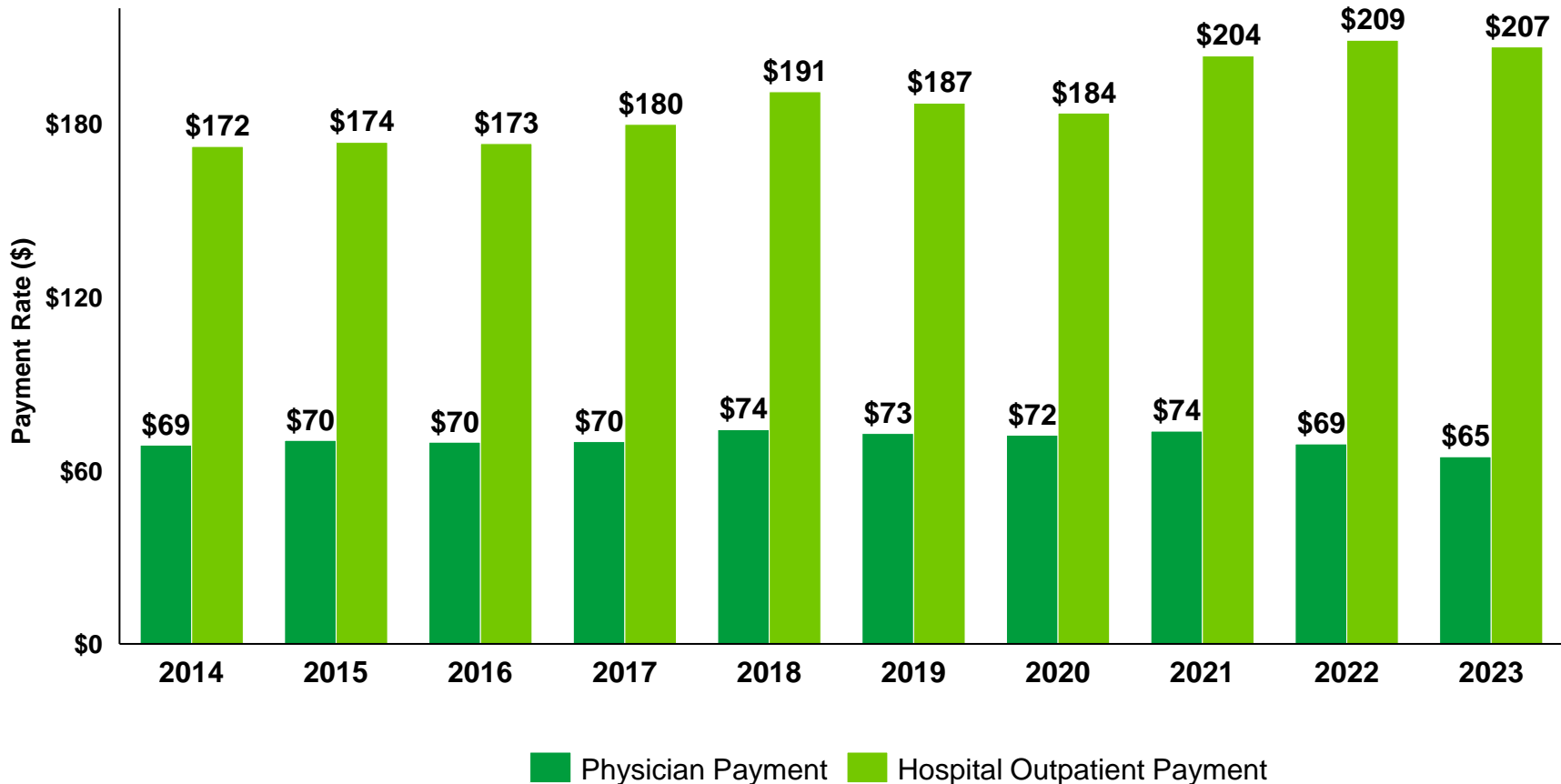
Note: Physician payment represents the non-facility physician rate; Hospital outpatient represents OPPS APC rate

Note: Avalere calculated the projected, inflation adjusted physician payment by applying the rate of change of medical inflation to the prior payment IV: Intravenous



Non-Chemotherapy Infusion Payment Also Declined for Physicians

Physician and Hospital Payment For Non-Chemotherapy IV Infusion (Code 96365), 2014-2023



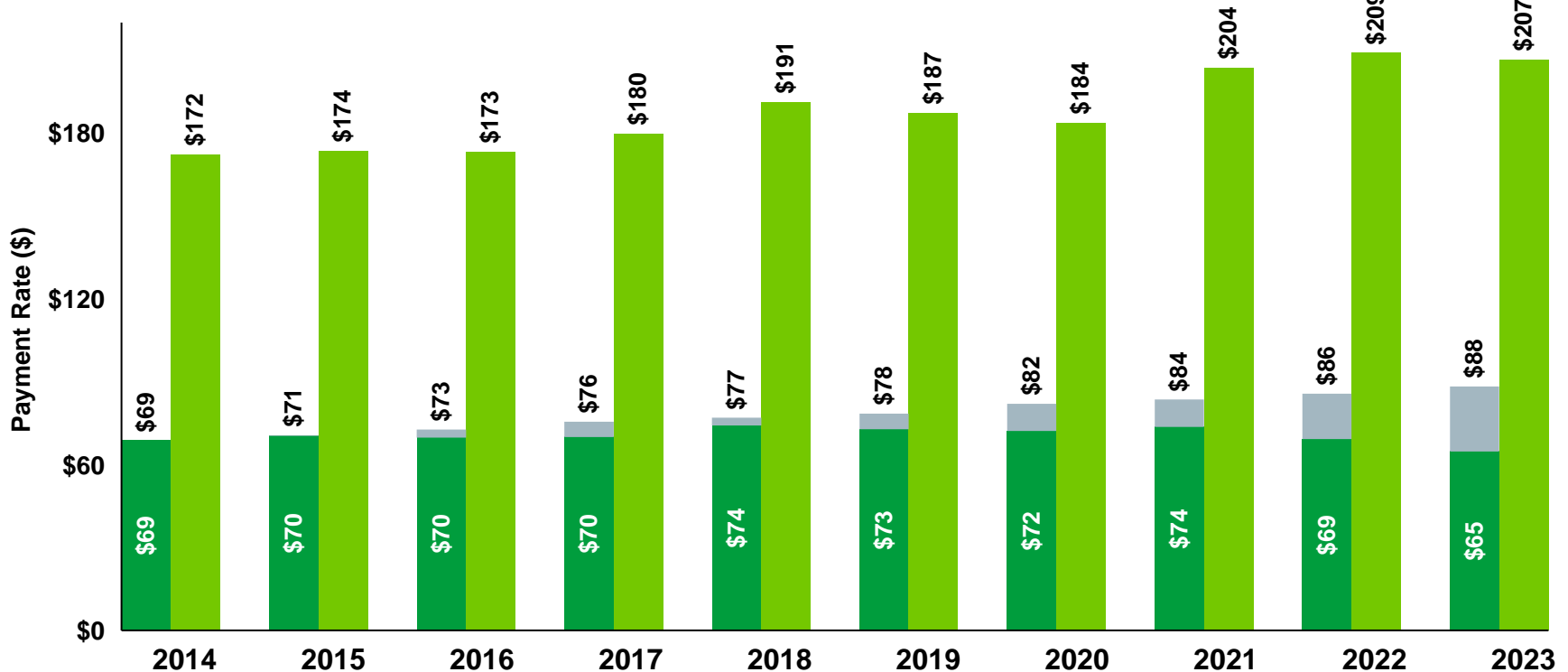
Source: Avalere analysis of:

- Medicare Physician Fee Schedules, 2014-2023
- US Bureau of Labor Statistics. "Consumer Price Index Historical Tables for US City Average. 2023. Available [here](#).
- US Bureau of Labor Statistics. "BLS Data Viewer." 2023. Available [here](#).
- American Medical Association. "History of Medicare Conversion Factors." 2023. Available [here](#).

Note: Physician payment represents the non-facility physician rate; Hospital outpatient represents OPPS APC rate IV: Intravenous

Even If Physician Reimbursement Increased with Inflation, Hospital Rate Is More than Double Physician Payment

Inflation Adjusted Physician Payment and Hospital Payment For Non-Chemotherapy IV Infusion (Code 96365), 2014-2023



■ Physician Payment
 ■ Hospital Outpatient Payment
 ■ Additional payment required to track with inflation

Source: Avalere analysis of:

- Hospital Outpatient Prospective Payment Schedules, 2014-2023
- US Bureau of Labor Statistics. "Consumer Price Index Historical Tables for US City Average. 2023. Available [here](#).
- US Bureau of Labor Statistics. "BLS Data Viewer." 2023. Available [here](#).
- American Medical Association. "History of Medicare Conversion Factors." 2023. Available [here](#).

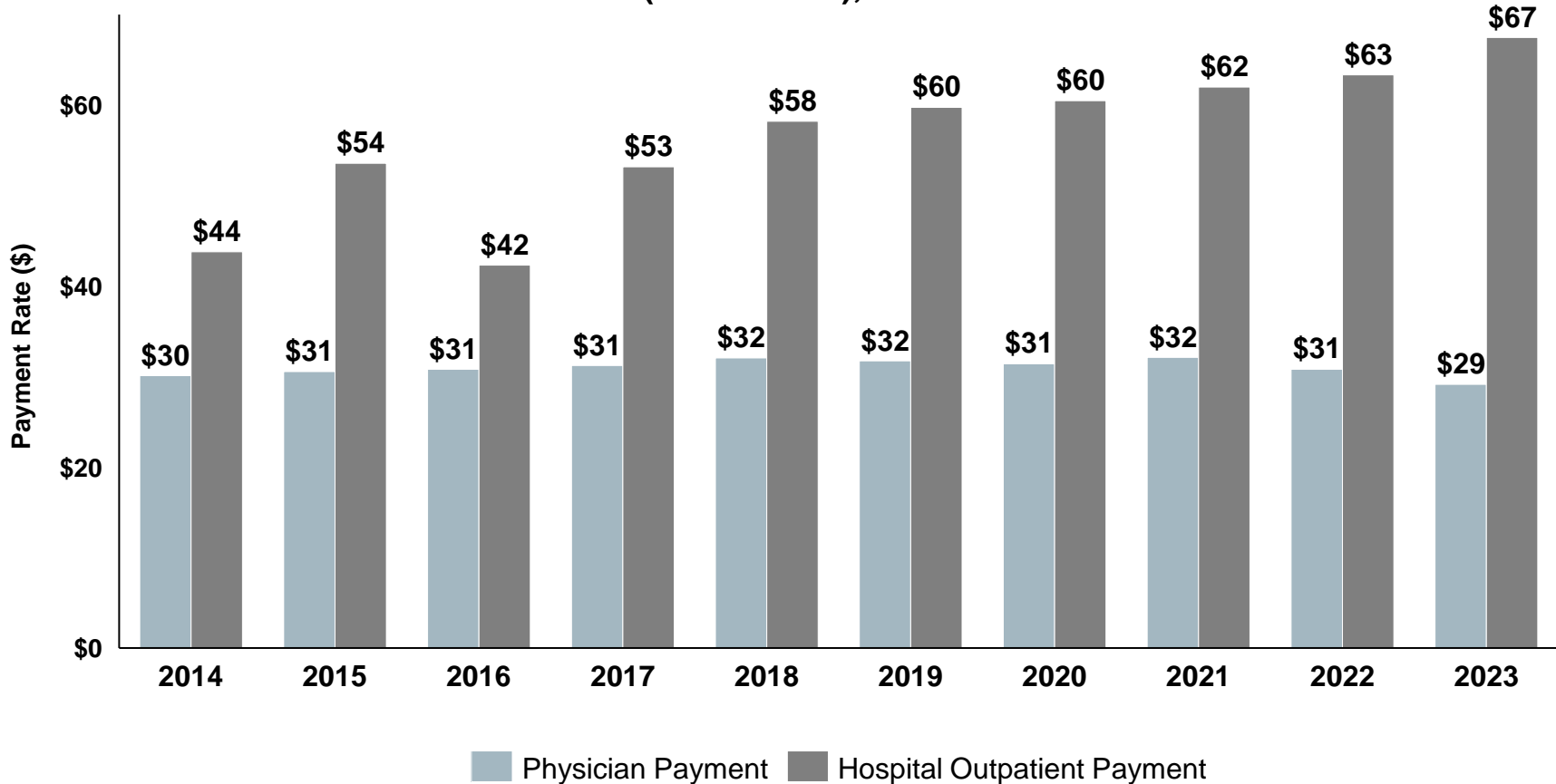
Note: Physician payment represents the non-facility physician rate; Hospital outpatient represents OPPS APC rate

Note: Avalere calculated the projected, inflation adjusted physician payment by applying the rate of change of medical inflation to the prior payment

IV: Intravenous

Payment Changes for Add-On Infusion Codes Followed a Similar Pattern as Base Code Rates

Physician and Hospital Payment For Add-On Non-Chemotherapy IV Infusion (Code 96367), 2014-2023



Source: Avalere analysis of:

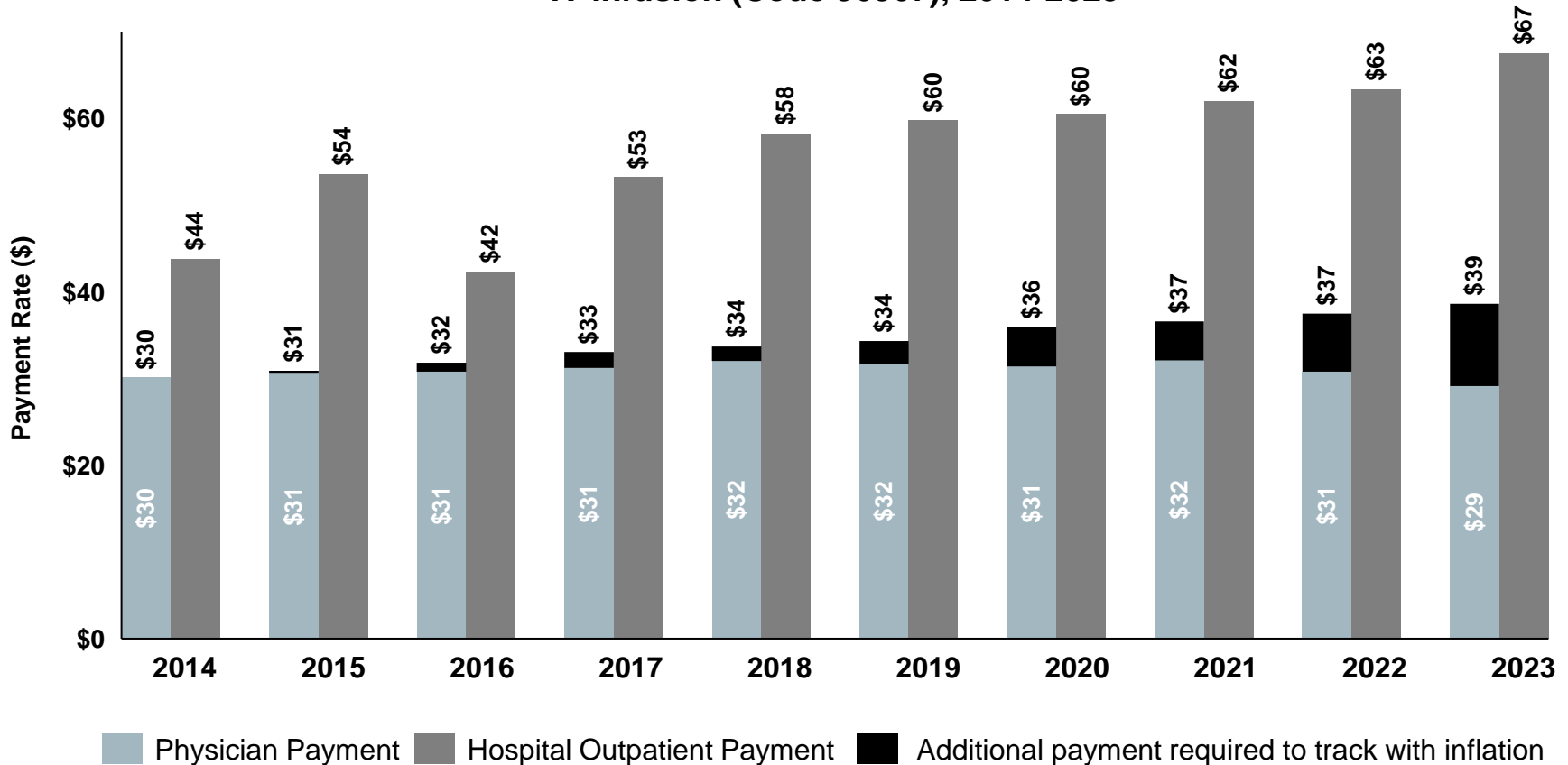
- Medicare Physician Fee Schedules, 2014-2023
- US Bureau of Labor Statistics. "Consumer Price Index Historical Tables for US City Average. 2023. Available [here](#).
- US Bureau of Labor Statistics. "BLS Data Viewer." 2023. Available [here](#).
- American Medical Association. "History of Medicare Conversion Factors." 2023. Available [here](#).

Note: Physician payment represents the non-facility physician rate; Hospital outpatient represents OPPS APC rate IV: Intravenous



Inflation Adj. Physician Payment for Add-On Non-Chemo Infusion Would Be About Half of Hospital Rate

Inflation Adjusted Physician Payment and Hospital Payment For Add-On Non-Chemotherapy IV Infusion (Code 96367), 2014-2023



Source: Avalere analysis of:

- Hospital Outpatient Prospective Payment Schedules, 2014-2023
- US Bureau of Labor Statistics. "Consumer Price Index Historical Tables for US City Average. 2023. Available [here](#).
- US Bureau of Labor Statistics. "BLS Data Viewer." 2023. Available [here](#).
- American Medical Association. "History of Medicare Conversion Factors." 2023. Available [here](#).

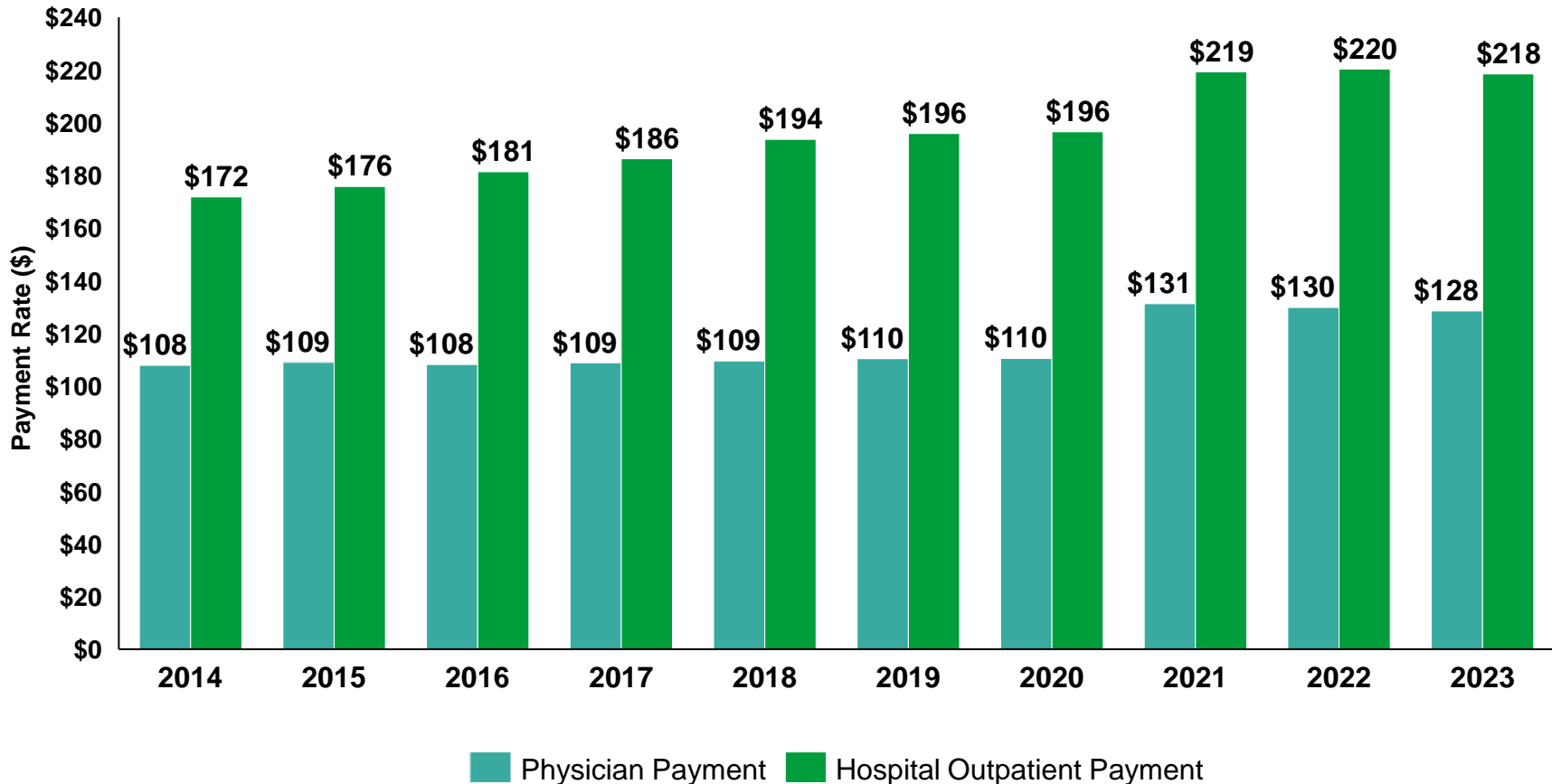
Note: Physician payment represents the non-facility physician rate; Hospital outpatient represents OPPS APC rate

Note: Avalere calculated the projected, inflation adjusted physician payment by applying the rate of change of medical inflation to the prior payment

IV: Intravenous

Despite a Bump in 2021, E/M Payment to Physicians Remained Below Hospital Payment

Physician and Hospital Payment For Office/Outpatient E/M Visit (Code 99214), 2014-2023



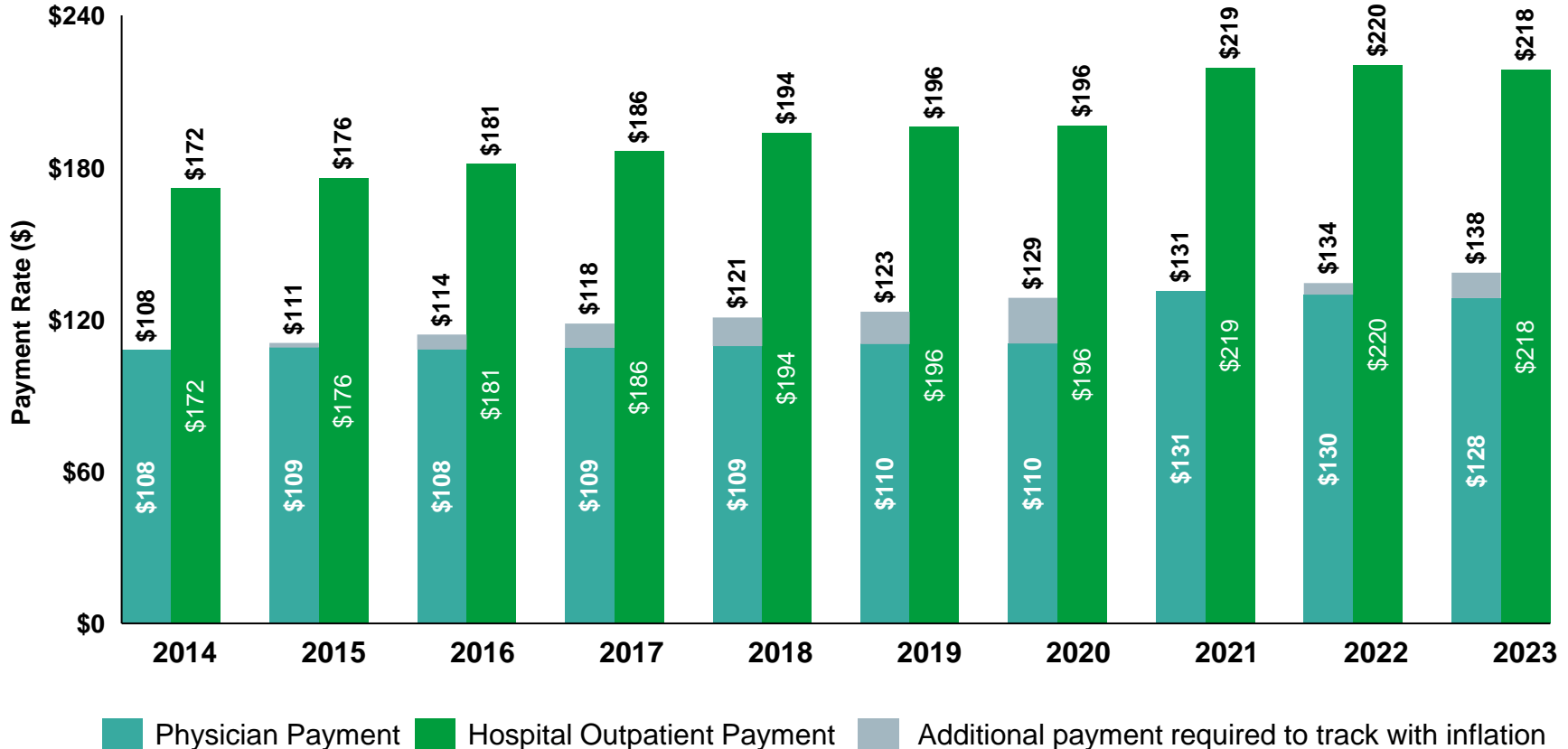
Source: Avalere analysis of:

- Medicare Physician Fee Schedules, 2014-2023
- US Bureau of Labor Statistics. "Consumer Price Index Historical Tables for US City Average. 2023. Available [here](#).
- US Bureau of Labor Statistics. "BLS Data Viewer." 2023. Available [here](#).
- American Medical Association. "History of Medicare Conversion Factors." 2023. Available [here](#).

Note: Physician payment represents the non-facility physician rate; Hospital outpatient represents HOPD rate IV: Intravenous

Like Other Services, Inflation Adj. Payment for E/M Visits Would Not Have Matched Hospital Pay for Same Service

Inflation Adjusted Physician Payment and Hospital Payment For Office/Outpatient E/M Visit (Code 99214), 2014-2023



Source: Avalere analysis of:

- Hospital Outpatient Prospective Payment Schedules, 2014-2023
- US Bureau of Labor Statistics. "Consumer Price Index Historical Tables for US City Average. 2023. Available [here](#).
- US Bureau of Labor Statistics. "BLS Data Viewer." 2023. Available [here](#).
- American Medical Association. "History of Medicare Conversion Factors." 2023. Available [here](#).

Note: Physician payment represents the non-facility physician rate; Hospital outpatient represents HOPD rate

Avalere calculated the projected, inflation adjusted physician payment by applying the rate of change of medical inflation to the prior payment
E/M: Evaluation/Management

Key Findings

From 2014 to 2023, the conversion factor decreased by 5%, while inflation increased by 28%

Across infusion codes assessed, physician office payment rates decreased by 7%, while hospital outpatient rates for these same services increased by 27%, on average, from 2014 to 2023

Despite a bump in 2021, physician payment for Evaluation and Management has since fallen behind the rate of inflation again

