



Highlights of [GAO-09-802](#), a report to the Chairman, Subcommittee on Health, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

The Medicare Improvements for Patients and Providers Act of 2008 directed the Secretary of Health and Human Services to develop a program to give physicians confidential feedback on the Medicare resources used to provide care to Medicare beneficiaries. GAO was asked to evaluate the per capita methodology for profiling physicians—a method which measures a patient’s resource use over a fixed period of time and attributes that resource use to physicians—in order to assist the Centers for Medicare & Medicaid Services (CMS) with the development of a physician feedback approach. In response, this report examines (1) the extent to which physicians in selected specialties show stable practice patterns and how beneficiary utilization of services varies by physician resource use level; (2) factors to consider in developing feedback reports on physicians’ performance, including per capita resource use; and (3) the extent to which feedback reports may influence physician behavior. GAO focused on four medical specialties and four metropolitan areas chosen for their geographic diversity and range in average Medicare spending per beneficiary. To identify considerations for developing a physician feedback system, GAO reviewed the literature and interviewed officials from health plans and specialty societies. Further, GAO drew upon literature and interviews to develop an illustration of how per capita measures could be included in a physician feedback report.

[View GAO-09-802 or key components.](#)
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MEDICARE

Per Capita Method Can Be Used to Profile Physicians and Provide Feedback on Resource Use

What GAO Found

Using 2005 and 2006 Medicare claims data and a per capita methodology, GAO found that specialist physicians showed considerable stability in resource use despite high patient turnover. This stability suggests that per capita resource use is a reasonable approach for profiling specialist physicians because it reflects distinct patterns of a physician’s resource use, not the particular population of beneficiaries seen by a physician in a given year. GAO also found that our per capita method can differentiate specialists’ patterns of resource use with respect to different types of services, such as institutional services, which were a major factor in beneficiaries’ resource use. In particular, patients of high resource use physicians used more institutional services than patients of low resource use physicians.

GAO identified four key considerations in developing feedback reports on physician performance (see table).

Key Considerations in Developing Physician Feedback Reports

General considerations	Examples of specific considerations
Report content	Types of measures, comparative benchmarks
Report design	Length, organization, graphics
Report dissemination	Which physicians should receive reports, frequency of reporting, hardcopy versus electronic dissemination
Transparency	Information about purpose, methods, data

Source: GAO.

To illustrate how per capita measures could be included in a physician feedback report, we developed a mock report containing three types of per capita measures.

Although the literature suggested that feedback alone has no more than a moderate influence on physicians’ behavior, the potential influence of feedback from CMS on Medicare costs may be greater, in part because of the relatively large share of physicians’ practice revenues that Medicare typically represents.

CMS reviewed a draft of this report and broadly agreed with our findings.