MGMA: Majority of practices say cost of care outweighs Medicare reimbursements

Massive gaps leave practices more dependent on reimbursement from commercial payers and commercial contracts.

According to recent MGMA Stat Poll, healthcare organizations are struggling with the ever-widening gap between reimbursements and cost of care. Participants were asked whether their practices 2019 Medicare payment rates were above, equal to or below the cost of delivering care. More than two-thirds of medical practices reported that 2019 Medicare payments will not cover the cost of delivering care to beneficiaries. Those whose rates were equal to or above cost were almost even at 17 and 16 percent respectively.
According to MGMA, one respondent among the 67 percent whose payment rates were below the cost of care wrote that the Medicare "population is more complex, more sickly, and has comorbidities that you don't see elsewhere. It takes more resources to manage their conditions."

The survey garnered 478 responses.

THE IMPACT

With the majority of respondents saying they navigate a gap between cost of care and reimbursement, that leaves practices more dependent on reimbursement from commercial payers and commercial contracts. It also raises the potential decision for practices of whether to continue to treat Medicare patients, slow the intake of Medicare patients or elect not to treat them at all.

THE TREND

MGMA said MACRA’s revised methodology for updating the physician fee schedule is not allowing Medicare fee-for-service payments to keep up with inflation or the operations costs of running a practice, pointing to a mostly flat Medicare conversion factor which has only risen by $.2348 since 2016. They also said that while payment adjustments under MACRA looked big enough to offset lagging Medicare reimbursement rates, MIPS 2019 payment adjustments are actually less than 2 percent, even for top performers, since the program must be budget neutral.

So though it conceded the program was well-intended, MIPS may actually be costing practices money or at a minimum, failing to deliver significant financial gains. MGMA also said members told them "burdensome reporting requirements" could be impacting patient care and other efforts that could drive value.

ON THE RECORD

"Testing and designing more APMs that physicians and patients want to participate in is one way to address this volume problem. MGMA will continue to advocate for more voluntary options that account for the diversity of medical group practices and for policies that establish fair reimbursement rates and ensure the financial viability of independent groups," MGMA said.