

MedPAC: Regional Variation in Service Use Not Same as Medicare Spending

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Across the country, regional variation in service use is not equivalent to regional variation in Medicare spending, according to a [new report](#) compiled by the Medicare Payment Advisory Commission (MedPAC). In fact, "the two should not be confused," MedPAC noted in the report compiled for Congress, which has focused on variation and Medicare payments in both reform bills.

Medicare spending is considered the amount that Medicare spends for each beneficiary in a traditional fee for service program; this amount differs by geographic area.

However, service use is Medicare spending adjusted to remove the effects of differing wages, payment rates, and health status among geographic areas. The intent is to produce "a standardized measure of service use" to measure geographic variations. Service use varies at all geographic levels—including within states and among providers, according to MedPAC.

Many factors can drive service use, such as differences in physician practice patterns and care decisions, plus differences in beneficiaries' tendencies to seek care—including differences in supplemental insurance, according to MedPAC.

But service use among regions can vary "for more idiosyncratic reasons as well," as demonstrated by looking at the extremes: the metropolitan statistical area with the greatest service use—Miami-Dade County, FL—has twice the level of service use as the region with the lowest service use—non-metropolitan Hawaii, the report said.

The low service use in Hawaii, according to MedPAC, may reflect "unique characteristics and preferences that result in beneficiaries having similar levels" of physician outpatient visits, but lower levels of institutional (hospital, skilled nursing facility or hospice) care than in other parts of the country.

After making adjustments, reported service use in Miami-Dade County was nearly 40% higher than the national average and more than 10% higher than in any other large metropolitan area.

MedPAC found that per capita spending on durable medical equipment and home healthcare in Miami-Dade County were both more than seven times the national average and dramatically above spending in neighboring counties. These types of patterns in the data raise concerns about fraud and abuse by some providers, MedPAC said.

While healthcare spending was found to be high in New York City and Boston, MedPAC found that the use of health services per Medicare beneficiary was 98% of the national average in the New York metropolitan area and equal to the national average in the Boston area.

Use of services was found to be high in areas such as the Oklahoma City metropolitan area (120% of the national average), Houston (122%), and New Orleans (125%). On the flip side, use of services was lower in La Crosse, WI (77% of the national average), Olympia, WA (80%), Grand Junction, CO (81%), and Sacramento and San Jose, CA (82%).

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