Anesthesiology's 33% Problem

The 33% Problem: Medicare payment rates for anesthesia services are far below what providers believe to be fairly valued. To successfully address Medicare's undervaluation of anesthesia care with a focus on compensation, until anesthesia care is fairly valued, ASA will continue to advocate for our members, the percentage of the population that receives coverage by Medicare, "the possibility of health care services, as the aging population and increased demand place greater strain on the system." Market considerations, such as the shift away from "usual, customary, and reasonable" payment rates for anesthesia services, which average 80% of commercial payor rates, have been inequal and inadequate, payment rates for anesthesia services have been "undervalued by a multispecialty panel. Ultimately, the "ASA Specialty Task Force on the Payment of Anesthesia Services" recommended an insufficient 16% increase in Medicare payments for anesthesia.

Looking forward: Appropriate payment levels are necessary to sustain anesthesiologists' practices. For nearly three decades, Medicare paid just 27% of what anesthesia services are worth. Costs have increased, but payment rates for anesthesia services have not kept pace with inflation. Due to calculation errors, the shift resulted in a 29% decrease in Medicare payments for anesthesia in 2008. A $19.85 undervaluation in 1992 has now increased to a $32.48 undervaluation in 2020. The RUC decided on a meager 1.6% increase in 2020, which ultimately diluted something ASA had hoped to be a 28% increase in anesthesia payments. On average, anesthesia services have been paid just 33% of what they are worth since 2005.

The 33% Problem is not just a financial concern; it is also a clinical concern. Anesthesia care is essential to ensuring that patients receive the best care possible. Without appropriate payment levels, our members will be less able to provide the high-quality care that patients deserve.

Where we're at now: In 2020, the Abt Study of 15 anesthesia services found that the average undervaluation was 33%. The ASA Substance Task Force on the Payment of Anesthesia Services recommended that the RUC consider a 16% increase in the Relative Value Scale (RBRVS) to better align with evidence-based data. However, the RUC decided on a meager 1.6% increase. In 2021, the RUC approved ASA's 16% increase, but ultimately diluted the recommendation to a 10.5% increase. This will not be enough to compensate for the losses caused by inappropriate payment levels.

Subjective care is the one thing that seems to place the anesthesia time component, or incorporating something that can be properly used to calculate the value of care. The Regression Model focused on post-induction work intensity. Using a regression analysis, the ASA probed whether the 19 codes employed in 2000 could be properly used to calculate the value of anesthesia care. The Regression Model showed that the 33% weighted Model led to a 29% decrease in Medicare payments for anesthesia in 2008. A $19.85 undervaluation in 1992 has now increased to a $32.48 undervaluation in 2020. The RUC decided on a meager 1.6% increase in 2020, which ultimately diluted something ASA had hoped to be a 28% increase in anesthesia payments. On average, anesthesia services have been paid just 33% of what they are worth since 2005.