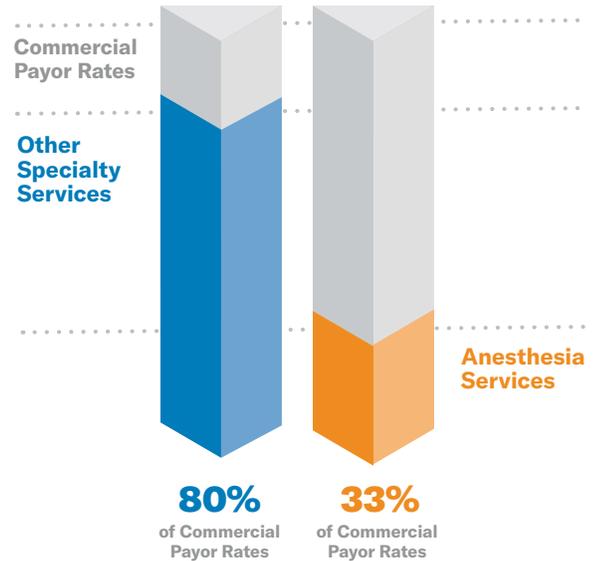


Anesthesiology Finance 101 – The 33% Problem

What is the 33% Problem?

Medicare payment rates for anesthesia services are inadequate due in large part to flaws in the unique formula used to calculate anesthesia rates, which is unlike the formula used for other physician payments. As a result, Medicare payment rates for anesthesia services persistently hover around 33% of average commercial payor rates, far lower than Medicare payment rates for other specialties, which average 80% of commercial payor rates.



Why it matters

Physician anesthesiologists should be paid fairly for the lifesaving and life sustaining work they perform. Because anesthesia services are so integral within and beyond the operating room, ensuring physician anesthesiologists are appropriately valued is not only vital for the specialty, but also for the patients they serve.

Although the ASA's efforts to address the historic payment inequities have led to modest increases in Medicare's anesthesia payment rate, gains were applied to an inaccurately low starting point. And, they haven't kept pace with inflation. The ongoing undervaluation of anesthesia care continues to be problematic, perhaps now more than ever.

- As the population ages, Medicare becomes a larger percentage of our population's health care coverage, and the shortfall in Medicare rates becomes even less viable.
- Health care reform efforts could lead to an even greater increase in the number of patients covered by Medicare payment models. If the current payment mechanisms are employed, the longstanding undervaluation of anesthesia will worsen.
- The growth of the specialty relies on the ability to recruit the next generation of anesthesiologists, a particular challenge if payment rates are not competitive with other specialties.
- Appropriate payment levels are necessary to sustain anesthesiologists' practices.



Accounting for inflation, the **2021 Medicare anesthesia conversion factor** would need to be **\$36.77** to be equivalent to the 1991 rate. It's currently **\$21.56**.

How ASA is responding to the 33% Problem

ASA will continue to advocate on behalf of anesthesiologists until anesthesia care is fairly valued.

- ASA's Committee on Economics is exploring potential actions, including changing the structure of how units are calculated, and, transitioning toward a pure RBRVS system aligned with the rest of the house of medicine.
- ASA continues to educate law makers at the local and federal level to ensure proposed legislation takes the current problem into account, and to advocate for fair solutions.
- To ensure members understand this discrepancy and can communicate their value effectively, ASA is creating a suite of resources to educate members on issues that impact their bottom line.
- ASA is working to provide tools to help members understand and participate in non-traditional payment arrangements known as alternative payment models (APMs).

The combination of inaccurate valuation, updates applied to falsely low payment rates, and the overall failure of Medicare to match inflationary updates all contribute to Medicare anesthesia payment levels remaining at 33 percent of commercial payment rates.

— Norm Cohen, MD
Former Vice President
for Professional Affairs, ASA

What you can do to help

- Participate in the ASA's Annual Conversion Factors Survey.
- Educate yourself on this issue, so you can help others understand the problem.
- Connect with the public to raise awareness of the important role anesthesiology holds throughout the health care continuum.
- Discuss the value of anesthesia with your colleagues in medicine.
- Engage with local lawmakers and share the 33% Working Group Report.

