Milliman Workgroup

Background: Over the past few years, a number of proposals have been recommended for public options, including Medicare for All payment methodologies for physicians. To address the implications of these proposals, in 2020, the American Society of Anesthesiologists (ASA) retained Milliman, an independent actuarial firm, to review the history of federal Medicare payment to anesthesiologists and to assess the impact of expanding those payments through a federal public option under the Affordable Care Act (ACA) on anesthesiologists’ practices.

Milliman utilized its proprietary database of commercial health expenditures, the Biden-Sanders unity platform (July 2020), the parameters of Washington State’s Cascade Care program, publications by the Congressional Budget Office, the Joint Committee on Taxation, and the Centers for Medicare and Medicaid Services.

Milliman’s Findings:

- Medicare pays significantly less for anesthesia services compared to the commercial market than it does for other physician services.
- Medicare payment rates are roughly one third of prevailing rates in the commercial market while Medicare payments for services performed by other physicians are about 75% of prevailing commercial rates.
- Because anesthesia practices have limited ability to offset payment rate reductions, a public option based on Medicare payment rates, rather than commercial market payment rates, would have significant, deleterious impacts on anesthesia practices that would be difficult to overcome.

Implications for Anesthesia Payment:

- ASA strongly encourages policymakers to avoid a “one size fits all” payment structure under any proposed public health care option and not rely on current payment methodology for anesthesia services.
- Since current payment for anesthesia services is the same for physician anesthesiologists, nurse anesthetists and anesthesiologist assistants, the implications of any changes in payment methodology under a public option must be taken into account since they would be far-reaching.
- ASA requests that CMS and Congress address the Medicare system's historic undervaluation of anesthesia services and align Medicare payment for anesthesia services with those provided by other physicians relative to commercial market rates.