

BUSINESS DAY | NYT NOW

Sliver of Medicare Doctors Get Big Share of Payouts

By REED ABELSON and SARAH COHEN APRIL 9, 2014

A tiny fraction of the 880,000 doctors and other health care providers who take Medicare accounted for nearly a quarter of the roughly \$77 billion paid out to them under the federal program, receiving millions of dollars each in some cases in a single year, according to the most detailed data ever released in Medicare's nearly 50-year history.

In 2012, 100 doctors received a total of \$610 million, ranging from a Florida ophthalmologist who was paid \$21 million by Medicare to dozens of doctors, eye and cancer specialists chief among them, who received more than \$4 million each that year. While more money by far is spent for routine office visits than any other single expenditure, one of the most heavily reimbursed procedures — costing a total of \$1 billion for 143,000 patients — is for a single treatment for an eye disorder common in the elderly.

The Medicare data — all for 2012 and the subject of an intense legal battle — provides an unprecedented look at the practice of medicine across the country, shedding fresh light on the treatment decisions physicians and other practitioners make every day. It will also provide consumers with an ability to compare doctors and treatments in a way they have never had until now.

Fraud investigators, health insurance plans, researchers and others will spend weeks poring over the information about how many tests were ordered and procedures performed for every provider who received Medicare payments under Part B, which excludes payments to hospitals and other institutions. The Centers for Medicare and Medicaid Services is making the data publicly available on Wednesday. While total Medicare spending — including hospitals, doctors and drugs — is approaching \$600 billion a year, payments to individual doctors have long been shrouded in secrecy. For decades, the American Medical Association, the powerful doctors' group, and others have blocked the release of

the information, citing privacy concerns and the potential for misuse of the information. But a federal judge ruled last year that the information could be made public.

Medicare paid \$12 billion for 214 million office and outpatient visits, most of them described as between 15 and 25 minutes long. The practitioners — usually doctors, but sometimes nurse practitioners, were paid an average of \$57 a visit.

Much of Medicare spending is concentrated among a small fraction of doctors. About 2 percent of doctors account for about \$15 billion in Medicare payments, roughly a quarter of the total, according an analysis of the data by The New York Times. These figures exclude commercial entities like clinical laboratories and ambulance services, which account for \$13.5 billion of the \$77 billion total. Only a quarter of the doctors are responsible for three-quarters of the spending. Medicare provided The New York Times with an advance look at the information but requested that individual doctors not be contacted until the data was made public. A database, searchable by doctors' names, is available at nytimes.com.

“This is actually the most useful data set that Medicare has ever released,” said Dr. Bob Kocher, who served in the Obama administration and is now a partner at Venrock, a venture capital firm. People will be able to see just how many elbow surgeries a given orthopedic surgeon has performed on Medicare patients, he said, and they will be able to better judge a doctor's style of practice, for example, whether a CT scan is performed on every patient or only rarely. “You're going to see variation,” he said.

The American Medical Association, which chose not to try to block the release of the information, questioned the usefulness of these payments to assess doctors.

“We know there are going to be limitations,” said Dr. Ardis Dee Hoven, the president of the association. “It's raw claims data. This gives us no window into quality or anything of that nature.” While patients may know who performs a high number of procedures, like hip replacements, for example, they will not be able to tell anything about whether the patients needed the surgery or whether they benefited from the surgery.

What's more, Dr. Hoven cautioned, doctors were not able to review the data, and some of the information being made public could be wrong.

But the release of the information is likely to increase attention to

particularly controversial areas of spending. About 3,300 ophthalmologists, for example, were paid a total of \$3.3 billion from Medicare, according to the Times analysis. Much of the spending was the result of an expensive and frequent treatment for a kind of age-related macular degeneration, the leading cause of severe vision loss in the elderly, and the cost of the drug is factored into the payments doctors receive. Ranibizumab, known by the brand name Lucentis, is injected into the eye as often as once a month. A cancer drug that is used as an alternative can cost much less. Other specialists also account for large portions of Medicare spending. Fewer than 1,000 radiation oncologists, for example, received payments totaling \$1.1 billion.

Regulators and others are also likely to seize on some of this information to find those doctors who perform an unusually high volume of services, raising the question of whether every test or procedure, like the placement of a cardiac stent, was medically necessary.

“There’s a lot of potential for whistle-blowers and justified worry for fraudsters,” said Steven F. Grover, a lawyer who represents whistle-blowers who sue doctors and hospitals who they claim have committed fraud against the Medicare program. “There’s going to be a lot of litigation over this,” he said.

The Office of Inspector General for the Department of Health and Human Services, which serves as a federal watchdog on fraud and abuse for the agency, released a report in December recommending greater scrutiny of those physicians who were Medicare’s highest billers. The report recommended that Medicare establish a threshold to look more closely at the high billers. Regulators have also said they are scrutinizing the use of high-paying codes in places including the emergency room.

Health insurance companies, which must now rely on only the claims they handle to look at doctors, are also likely to find the information valuable, according to Paul B. Ginsburg, a health economist and professor at the University of Southern California. Marrying the Medicare information to their own information, “all of a sudden they have a lot more to work with,” he said, in trying to better determine how an individual doctor treats patients — ordering lots of tests, for example, or being slow to operate. “This is going to be a very important change,” he said.

Experts say the data must be used with caution. An individual doctor, for example, may seem to have a high volume of services because that doctor

oversees medical residents or physician assistants but bills for those services. Medicare patients may be only a fraction of the patients a doctor sees.

Despite its limitations, however, policy experts largely praised the release of the information, arguing that this was an important step to understanding how doctors practice medicine in this country.

“Any time Medicare releases a lot of data, it changes the conversation in America about transparency, about cost and quality,” said François de Brantes, the executive director of the Health Care Incentives Improvement Institute. “It’s more a signal from Medicare to market,” he said.

Sheri Fink, Robert Gebeloff and Andrew Pollack contributed reporting.

A version of this article appears in print on April 9, 2014, on page A1 of the New York edition with the headline: Sliver of Medicare Doctors Get Big Share of Payouts.