

Part B Insider (Multispecialty) Coding Alert

PHYSICIAN NOTES: Health Care Spending Shows Signs Of Slowing

Growth rate down from 9.1 percent to 7.9 percent

Changes in prescription drug use helped put the brakes on health care spending growth in 2004, according to an annual report the **Centers for Medicare & Medicaid Services'** Office of the Actuary released Jan. 10. Health care spending was \$1.9 trillion in 2004--\$6,280 per person, according to the report. The 7.9 percent healthcare spending growth rate has slowed from 9.1 percent in 2002 and 8.2 percent in 2003.

The growth rate for prescription drug spending decelerated to 8.2 percent in 2004, CMS reports--down from 10.2 percent in 2003 and 14.3 percent in 2000-2002. Growing popularity in low-cost, generic drug use through tiered health plans helped contribute to prescription drugs' spending slowdown, the report indicates.

Over-the-counter anti-ulcerants and antihistamines are gaining in popularity, and mail-order drug dispensation is on the rise. Furthermore, consumer safety concerns led to reduced consumption of certain medications.

Physician spending actually grew faster, from a 8.6 percent growth rate in 2003 to 9.0 percent in 2004. But public spending on physicians jumped from 8.9 percent in 2003 to 9.9 percent in 2004; CMS attributes most of this growth to increased Medicare service use. Public physician spending accounted for 25 percent of personal health spending growth between 1997 and 2000 and for 29 percent by 2004.

In other news:

- Even though Medicare payment rates have been sliding downward, doctors are more willing to accept new Medicare patients than they were a few years ago. In 2000-2001, 71.1 percent of physicians were willing to accept all new Medicare patients, but that number rose to 72.9 percent in 2004-2005, according to a new study by the **Center for Studying Health System Change** (CSHSC). Only 3.4 percent of physicians said their practices were totally closed to new Medicare patients in 2004-2005, the same amount as in 2000-2001.

The percentage of primary care physicians accepting all new Medicare patients rose sharply, from 61.7 percent in 2000-2001 to 65.3 percent in 2004-2005. The CSHSC believes that physicians have more capacity than they had a few years ago. The number of physician office visits increased sharply in the late 90s, but the rate of growth has slowed down in recent years.

- The **Federal Trade Commission** ruled unanimously that Fort Worth, TX-based specialty association **North Texas Specialty Physicians** illegally fixed prices in its negotiations with insurance companies and health plans. The physicians must cease this conduct and terminate existing contracts with health plans for physician services .