

Measuring regional variation in service use

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Purpose

- Spending varies due to differences in health status, wages, special Medicare payments, and other factors
- Need to clarify geographic variation discussion
- Need to focus on measuring variation in utilization
- Policy issues

Methods and data issues

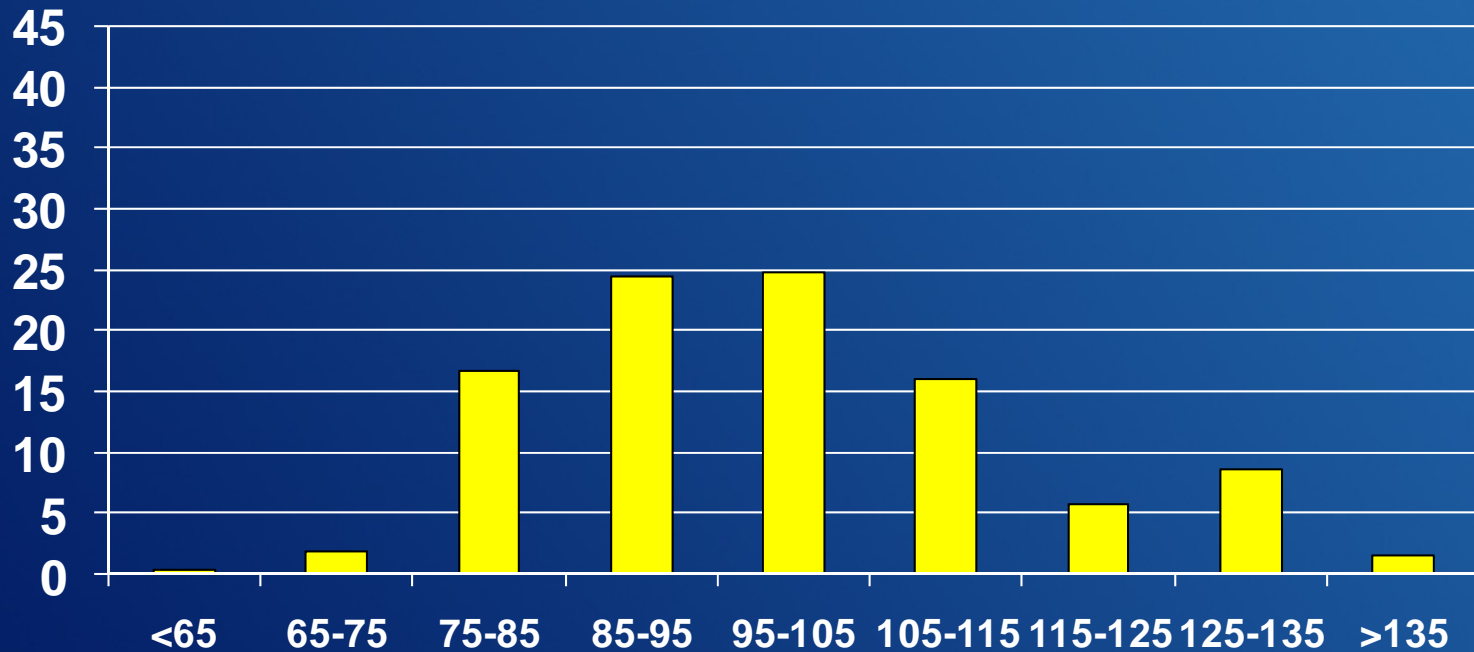
- OACT county level fee-for-service per capita spending
- We examined spending on aged and disabled
- We grouped beneficiaries based on where they live
- We made all adjustments at the county level
- We aggregated to MSA and non-MSA levels

This analysis focuses on service use — not raw spending

- Analysis begins with raw spending per capita
- Adjust spending for differences in:
 - Regional prices
 - Health status
 - Special payments (IME, DSH, GME, rural hospitals, HPSA, PSA)
 - Part A/Part B enrollment
- We are interested in service use resulting from differences in practice patterns and care decisions

Medicare spending levels vary widely by geographic area

Percent of beneficiaries living in geographic area with specified level of spending

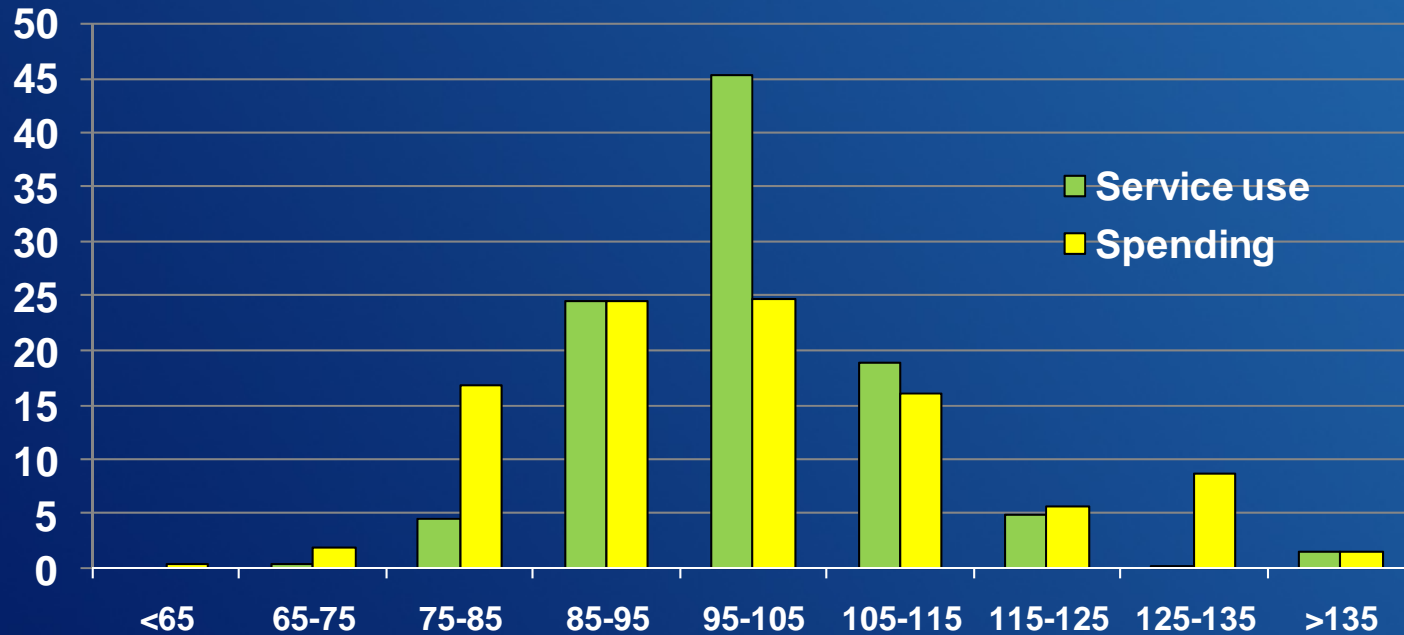


Percent of national average Medicare spending, 2004-2006

Geographic areas are MSAs (metropolitan statistical areas) and rest of state non-metropolitan areas.

Service use varies less than raw spending, but substantial differences remain

Percent of beneficiaries living in geographic area with specified level of spending or service use



Percent of national average Medicare spending or service use, 2004-2006

Geographic areas are MSAs (metropolitan statistical areas) and rest of state non-metropolitan areas.

Low level does not mean low growth

MSA	Relative per capita service use, 2004-2006	Relative annual growth 2000-2006	Relative expected per capita increase
A	75%	109%	81%
B	86	97	84
C	87	73	64
D	89	141	125
E	100	112	112
F	100	70	70
G	106	128	136
H	112	169	189
I	114	56	64
J	139	135	187
National average	100	100	100

Service use per capita is estimated by adjusting CMS data on Medicare spending for differences in health status, local wages, and certain special hospital payments. Growth is computed from 2000 to 2006.

Unique factors may contribute to service use in outlier regions

- 30% difference in service use between MSAs at the 10th and 90th percentiles
- Outliers
 - Unique characteristics may contribute to low service use in Hawaii
 - Fraud and abuse may contribute to high service use in Miami

Large differences between Dade and other South Florida counties

Neighboring FL counties	Count of beneficiaries	2006 spending per beneficiary	
		DME	Home health
Collier	60,112	\$220	\$330
Monroe	11,025	260	350
Broward	141,283	430	1,150
Miami-Dade	183,754	2,200	2,830
National avg.	37,285,752	250	370

Source: Acumen compilation of fee-for-service (FFS) Medicare claims data (100% sample) . Spending data are annualized for beneficiaries with either Part A or Part B coverage for at least one month during 2006.

Summary

- Service use varies less than spending, but substantial variation in service use exists
- Some high-use areas have low growth; some low-use areas have high growth
- General agreement:
 - Regional variation exists, and is not fully explained by prices or health status
 - Spending growth is not sustainable