

Results of physician cost profiling can vary widely, study finds

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Profiles created for physicians based on the cost of the care they provide can vary widely depending upon the methods used by insurance companies to create the profiles, according to a new RAND Corporation study.

Researchers say the findings add to the concern about the accuracy of physician cost profiles that are being created by insurance companies in order to encourage patients to visit low-cost [physicians](#).

"This study provides more evidence that efforts to create physician cost profiles are still a work in progress," said lead author Dr. Ateev Mehrotra, a researcher at RAND, a nonprofit research organization, and a professor at the University of Pittsburgh School of Medicine. "More work is needed in order to make cost profiling a meaningful tool to curb health costs."

The findings are published in the May 18 edition of the [Annals of Internal Medicine](#).

The study found that between 17 percent and 61 percent of physicians would be assigned to a different cost category depending on the methods used -- a change that could have important implications for both patients and physicians. Cost categories, in conjunction with quality scores, are used to assign physicians into performance tiers.

For example, a patient may have to make a \$15 co-pay to see a physician

assigned to the highest performing tier, but that co-pay might increase to \$30 if the physician is in a lower performing tier. If a physician is assigned to a lower performing tier their patients might leave them and switch to a physician in a higher performing tier.

"The cost category assigned to a physician can have important implications for a physician and his or her patients. Our study shows that a physician's cost category can vary from one health plan to another based on how the cost of care is assigned," Mehrotra said.

RAND researchers examined the methods that insurance companies use to assign responsibility for the cost of care when a patient sees multiple doctors. [Insurance companies](#) have developed different "attribution rules" to assign responsibility for the cost of care based on patterns derived from health care claims.

For example, one rule might assign the cost of care for a patient to the physician who accounts for the highest percentage of patient visits. Another rule assigns the cost of care for a patient to the physician who accounts for the highest percentage of the costs incurred in delivering care.

To examine the differences between 12 different attribution rules, RAND researchers analyzed information from four commercial health plans in Massachusetts that enroll 1.1 million adults. Researchers found that a physician's cost profile could vary widely depending on which attribution rule was applied.

Mehrotra said that an important step for the future is for insurance plans to be more transparent about the methods they use to assign care costs as a part of their physician cost profiling efforts, allowing physicians and others to review the rules that are being used.

In addition, he suggests that insurance plans enlist physicians into efforts to create attribution rules used for cost profiling. Doing so will help build consensus about what is the best method and help build support for the overall cost-saving strategy.

Provided by RAND Corporation

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