

Geographic value index may not produce efficient care

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(HealthDay)—A geographically based value index to set Medicare reimbursements may not take into account differences in health care decision-making by individual practitioners or organizations, according to an interim report released March 22 by the Institute of Medicine (IOM).

The IOM committee is conducting an ongoing, congressionally mandated study of regional variations in [health care spending](#), use, and quality, as well as the merits of adopting a geographic value index. The group reviewed published research, testimony at two public workshops, new

statistical analyses conducted by six subcontractors, and four papers commissioned from experts on Medicare spending.

The committee found that there is great national variation in the amount that Medicare spends per person. Between regions, the variation is as large as 44 percent. Increased spending does not consistently translate into better health outcomes or greater patient satisfaction. Differences in use of services and spending also occur between providers within a single region and between providers within a single hospital or group practice. A significant amount of [regional variation](#) in Medicare payments remains unexplained, even after adjusting for [economic variables](#) (wages and rents) and patient attributes. Variation in post-acute care (home health services, skilled nursing facilities, rehabilitation facilities, long-term care hospitals, and hospices) account for a substantial amount of the variation in [Medicare payments](#) for health care services, followed by differences in in-patient care. Very little spending difference stems from prescription drugs, diagnostics, procedures, and emergency department visits.

"To be effective, payment reforms need to encourage behavioral changes at the point of health care decision making, which occurs at the level of individual providers and [health care organizations](#)," the committee said in a statement.

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