

**Greater Milwaukee Business
Foundation on Health, Inc. GMBFH**

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Study finds commercial physician payment levels in southeast Wisconsin on a per-unit basis substantially higher than other Midwest markets

Milwaukee – June 12, 2014 – The Greater Milwaukee Business Foundation on Health, Inc. (GMBFH), known for its research on the cost, efficiency and quality of healthcare in southeast Wisconsin, released the results of its latest study at a meeting of providers, insurers, business and community leaders today. The study, conducted by consulting firm Milliman using 2012 data, found average per-unit commercial physician payment levels in southeast Wisconsin were almost 50 percent higher than the Midwest average per-unit payment rates. This difference is estimated to have increased southeast Wisconsin commercial health insurance premiums by approximately 15 percent compared with estimated premium rates based on the Midwest average physician payment levels.

Previous studies commissioned by GMBFH had found that commercial physician payment levels in southeast Wisconsin, on a per-unit basis, were generally higher than other selected Midwest markets. The study released today was designed to quantify how much higher these costs are compared with other Midwest markets. It compared southeast Wisconsin commercial physician payment levels with payment levels in the following Midwest markets: Chicago, Cincinnati, Cleveland, Des Moines, Detroit, Indianapolis, Kansas City, Minneapolis and St. Louis.

The study examined per-unit commercial payments made to a variety of physicians, including primary care specialists, medical specialists, procedural specialists and facility-based specialists. Payments to the selected specialists were estimated to represent approximately 85 percent of commercial physician costs in the geographical markets studied.

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The results

Study results showed southeast Wisconsin commercial physician payment levels overall were 49 percent higher than the Midwest average and higher than every other Midwest market examined. Southeast Wisconsin physician payment levels in aggregate ranged from four percent higher than Minneapolis to 74 percent higher than St. Louis. The table below shows southeast Wisconsin costs in relation to the average for all the Midwest markets by specialist grouping.

Specialists Grouping	Included Specialists	SE WI Relative to Midwest Average
Primary Care	Family Practice, Internal Medicine, OB/GYN, Pediatrics	44% higher
Medical Specialists	Cardiology, Dermatology, Endocrinology, Medical Oncology, Neurology, Psychiatry, Pulmonary Disease, Rheumatology and Urology	53% higher
Procedural Specialists	Cardiac Surgery, Gastroenterology, General Surgery, Neurosurgery, Ophthalmology, Orthopedic Surgery, Otolaryngology and Vascular Surgery	55% higher
Facility-Based Specialists	Anesthesia, Critical Care (Intensivists), Diagnostic Radiology, Emergency Medicine and Pathology	59% higher

Factors influencing payment levels among markets

While the study indicates commercial payment levels were clearly higher in southeast Wisconsin compared with the other Midwest markets examined, the causes for the higher levels are difficult to pinpoint. According to the study, some combination of the following factors, among others, were likely the cause of the higher payment rates, including differences in:

- Operating costs
- Operational efficiency, including physician productivity
- Payer mix and related cost shift burden
- Investments in care management and quality improvement initiatives
- Negotiating leverage with commercial payers
- Physician income levels

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“These significant differences in commercial physician payment levels contributed to higher commercial premium levels in southeast Wisconsin. The results of this study deserve our attention if we are going to reduce healthcare costs as much as possible in our market,” Ron Dix, the Foundation’s executive director. “Having said that, we also need to recognize that utilization tends to be lower in our market, so we need to be careful not to focus solely on the unit cost of care, but also look at how many units are being delivered when considering the study’s findings,” added Dix.

Coming in July – hospital commercial payment levels study

GMBFH plans to release a study of relative southeastern Wisconsin hospital commercial payment levels from 2003 through 2012. The study, also conducted by Milliman, addresses hospital operating costs, government cost shifting burdens and geographical market concentration for each of the adult acute care health systems in southeast Wisconsin. It updates a previous GMBFH study based on 2011 information which was released in 2012.

About the Greater Milwaukee Business Foundation on Health

The Greater Milwaukee Business Foundation on Health is a private operating foundation created in 2002. The mission of GMBFH is to undertake studies, programs and activities which promote the general health of the persons residing in the greater Milwaukee area and advance their awareness of health and healthcare delivery issues. GMBFH is not a grant making foundation. Instead, it works collaboratively with established organizations to improve health and healthcare delivery in the greater Milwaukee area. For more information about the Foundation, its board of directors, past and current initiatives and copies of the complete reports, visit the website: www.gmbfh.org.