Figure 1. Annual Increases in Physician Fees and SGR-Related Expenditures Per Fee-for-Service Beneficiary, 1998-2005

Source: Letter to Glenn M. Hackbarth, Chair, Medicare Payment Advisory Commission, from Herb B. Kuhn, Director, Center for Medicare Management, Centers for Medicare and Medicaid Services, dated April 7, 2006.
Figure 2. Annual Rates of Increase in Physician Fees and SGR-Related Expenditures Per Fee-for-Service Beneficiary, 1997-2001 and 2001-2005

- **1997-2001**:
  - Fees: 3.4%
  - SGR-related expenditures: 7.4%

- **2001-2005**:
  - Fees: 7.4%
  - SGR-related expenditures: -0.7%

Source: Letter to Glenn M. Hackbarth, Chair, Medicare Payment Advisory Commission, from Herb B. Kuhn, Director, Center for Medicare Management, Centers for Medicare and Medicaid Services, dated April 7, 2006.
Figure 3. Medicare Part B Premium (Monthly), 1998-2006 (Actual) and 2007-2015 (Projected)

Part B Premium

Source: Board of Trustees, Federal HI and Federal SMI Trust Funds, 2006 Annual Report.
Figure 4. Profile of Medicare Elderly Beneficiaries and Employer Coverage Nonelderly, by Poverty and Health Status, 2003

Medicare, Ages 65+

- No health problems, higher income: 40%
- No health problems, lower income: 8%
- Health problems, higher income: 15%
- Health problems, lower income: 38%

Employer, Ages 19–64

- No health problems, higher income: 56%
- No health problems, lower income: 14%
- Health problems, higher income: 24%
- Health problems, lower income: 7%

Note: Respondents with undesignated poverty were not included; lower income defined as <200% of poverty; health problems defined as fair or poor health, any chronic condition (cancer, diabetes, heart attack/disease, and arthritis), or disability.

Figure 5. Projected Out-of-Pocket Spending As a Share of Income Among Groups of Medicare Beneficiaries, 2000 and 2005

Out-of-pocket spending as percent of income

<table>
<thead>
<tr>
<th>Group</th>
<th>2000</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries age 65+</td>
<td>21.7</td>
<td>29.9</td>
</tr>
<tr>
<td>Beneficiaries with physical or cognitive health problems and no other health insurance</td>
<td>44.0</td>
<td></td>
</tr>
<tr>
<td>Disabled beneficiaries ages 45–65</td>
<td>29.1</td>
<td>41.1</td>
</tr>
<tr>
<td>Beneficiaries ages 65–74 with high incomes*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female beneficiaries age 85+ with physical or cognitive health problems and low incomes^</td>
<td>51.6</td>
<td>71.8</td>
</tr>
</tbody>
</table>

* Annual household incomes of $50,000 or more.
^ Annual household incomes of $5,000 to $20,000.

Figure 6. Access to Physicians for Medicare Beneficiaries and Privately Insured People, 2005

Figure 7. Proportion of Recommended Care Received by U.S. Adults, by Selected Conditions

Percent of recommended care received

<table>
<thead>
<tr>
<th>Condition</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>55</td>
</tr>
<tr>
<td>Breast Cancer</td>
<td>76</td>
</tr>
<tr>
<td>Hypertension</td>
<td>65</td>
</tr>
<tr>
<td>Asthma</td>
<td>54</td>
</tr>
<tr>
<td>Pneumonia</td>
<td>39</td>
</tr>
<tr>
<td>Hip Fracture</td>
<td>23</td>
</tr>
</tbody>
</table>

Figure 8. Life Expectancy at Age 65

Source: OECD Health Data, 2005.
Figure 9. Patient Reported Medical Mistake, Medication Error, or Test Error in Past 2 Years

Source: 2005 Commonwealth Fund International Health Policy Survey.
Figure 10. Interpersonal Quality of Care Is Lacking

Percent of community-dwelling adults in 2001 who visited doctor's office in past year

<table>
<thead>
<tr>
<th>Health providers</th>
<th>Ages 45–64</th>
<th>Age 65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>always listened carefully</td>
<td>56</td>
<td>65</td>
</tr>
<tr>
<td>always explained things clearly</td>
<td>59</td>
<td>59</td>
</tr>
<tr>
<td>always showed respect</td>
<td>59</td>
<td>66</td>
</tr>
<tr>
<td>always spent enough time</td>
<td>46</td>
<td>54</td>
</tr>
</tbody>
</table>

## Figure 11. Communication With Physicians
**Views of Sicker Adults**

<table>
<thead>
<tr>
<th>In the past 2 years:</th>
<th>AUS</th>
<th>CAN</th>
<th>NZ</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Left a doctor’s office without getting important questions answered</td>
<td>21</td>
<td>25</td>
<td>20</td>
<td>19</td>
<td>31</td>
</tr>
<tr>
<td>Did not follow a doctor’s advice</td>
<td>31</td>
<td>31</td>
<td>27</td>
<td>21</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: 2002 Commonwealth Fund International Health Policy Survey.
### Figure 12. Deficiencies in Care Coordination

<table>
<thead>
<tr>
<th>Percent saying in the past 2 years:</th>
<th>AUS</th>
<th>CAN</th>
<th>GER</th>
<th>NZ</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test results or records not available at time of appointment</td>
<td>12</td>
<td>19</td>
<td>11</td>
<td>16</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>Duplicate tests: doctor ordered test that had already been done</td>
<td>11</td>
<td>10</td>
<td>20</td>
<td>9</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>Percent who experienced either coordination problem</td>
<td>19</td>
<td>24</td>
<td>26</td>
<td>21</td>
<td>19</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: 2005 Commonwealth Fund International Health Policy Survey. Adults with Health Problems.
## Figure 13. Continuity of Care with Same Physician

<table>
<thead>
<tr>
<th>Percent:</th>
<th>AUS</th>
<th>CAN</th>
<th>GER</th>
<th>NZ</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has regular doctor</td>
<td>92</td>
<td>92</td>
<td>97</td>
<td>94</td>
<td>96</td>
<td>84</td>
</tr>
<tr>
<td>--5 years or more</td>
<td>56</td>
<td>60</td>
<td>76</td>
<td>57</td>
<td>66</td>
<td>42</td>
</tr>
<tr>
<td>No regular doctor</td>
<td>8</td>
<td>8</td>
<td>3</td>
<td>6</td>
<td>4</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: 2005 Commonwealth Fund International Health Policy Survey. Adults with Health Problems.
Figure 14. Coordination Problems by Number of Doctors

*Either records/results did not reach doctors office in time for appointment or doctors ordered a duplicate medical test

Figure 15. Two-Thirds of Medicare Spending is for People With Five or More Chronic Conditions

- 5+ chronic conditions: 66%
- 4 chronic conditions: 10%
- 3 chronic conditions: 10%
- 1-2 chronic conditions: 10%
- No chronic conditions: 1%

Figure 16. Physician Use of Electronic Technology Varies by Application

Percent indicating "routine" or "occasional" use

* Electronic ordering of tests, procedures, or drugs.

Source: Commonwealth Fund 2003 National Survey of Physicians and Quality of Care.
Figure 17. Electronic Health Records (EHR) in Solo or Small Group Practices: A Case Study

EHR Financial Costs Per FTE Provider For 14 Practices, 2004-2005

Average per FTE provider

Minimum

Maximum

Initial costs

Ongoing costs per provider per year

Figure 18. EHR Financial Benefits Per FTE Provider, For 14 Solo/Small Group Practices, 2004-2005

Average per FTE provider ($)

- Total benefits per provider: $32,737
- Savings from increased coding levels: $16,929
- Efficiency savings: $15,808

Figure 19. Variation in Per Capita Medicare Spending by Hospital Referral Region, 2000

Figure 20. Variation in Annual Total Cost and Quality for Chronic Disease Patients

Quality of Care* and Medicare Spending for Beneficiaries with Three Chronic Conditions, by Hospital Referral Region

* Based on percent of beneficiaries with three conditions (diabetes, chronic obstructive pulmonary disease, and congestive heart failure) who had a doctor’s visit four weeks after hospitalization, a doctor’s visit every six months, annual cholesterol test, annual flu shot, annual eye exam, annual HbA1C test, and annual nephrology test.

Figure 21. Medicare Spending Per Enrollee and Mortality Rate by State, 2003

Source: Data from *The Dartmouth Atlas of Health Care*, www.dartmouthatlas.org
Figure 22. IHA Trends in Point-of-Care Technology

Percent

- Electronic prescribing
- Electronic check of Rx interaction
- Electronic retrieval of lab results
- Electronic access of clinical notes
- Electronic retrieval of patient reminders

Source: Tom Williams, “California Pay for Performance (P4P): A Case Study.”
Figure 23. Evaluation of PacifiCare Pay for Performance: Improvement in Cervical Cancer Screening

Percent improvement in cervical cancer screening rates among physician groups

<table>
<thead>
<tr>
<th>Region</th>
<th>Improvement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>California (Intervention group)</td>
<td>5.3</td>
</tr>
<tr>
<td>Pacific Northwest (Control group)</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Figure 24. Physicians Participating in the Diabetic Care Program From 1997 to 2003 Showed Significant Improvement in Performance

Percent of patients reaching quality target

<table>
<thead>
<tr>
<th>Year</th>
<th>HgA1c &lt; 7%</th>
<th>LDL/Chol &lt; 100mg/dL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>25%</td>
<td>17%</td>
</tr>
<tr>
<td>2003</td>
<td>46%</td>
<td>45%</td>
</tr>
</tbody>
</table>

Figure 25. Medicare Premier Hospital Demonstration: Higher Quality Hospitals Have Fewer Readmissions

Readmission Rates by Pneumonia Quality Ranking (Percent)

© 2005 Premier, Inc.
Source: Stephanie Alexander, “CMS/Premier Hospital Quality Incentive Demonstration Project: 1st Year Results,” Presentation at IOM P4P Subcommittee Meeting, November 30, 2005
Figure 26. Coordination Across Sites of Care: Care Transition Measure Scores,* Emergency Department Use, and Hospital Readmissions

* When I left the hospital, I had a good understanding of the things I was responsible for in managing my health; when I left the hospital, I clearly understood the purpose for taking each of my medications; The hospital staff took my preferences and those of my family or caregiver into account in deciding what my health care needs would be when I left the hospital.

Figure 27. Improving Care Coordination and Reducing Cost

Effect of Advanced Practice Nurse Care on Congestive Heart Failure Patients’ Average Per Capita Expenditures

- Importance of improving transitions in care, doctor to doctor, and post-hospital
- Follow-up care following hospital discharge could reduce rehospitalization
- High cost care management could reduce errors and lower costs
- Will require restructuring Medicare benefits and incentives

Source: M.D. Naylor, Making the Bridge from Hospital to Home, The Commonwealth Fund, Fall 2003.
Figure 28. Improvement in Doctors’ Cervical Cancer Screening Rates Compared to Bonus Payments After Implementation of Quality Incentive Program

Figure 29. Most Physicians Have Not Been Involved in Collaborative Efforts to Improve Quality of Care

Percent indicating involvement in any collaborative efforts in past two years*

* Multiple answers possible.

Source: The Commonwealth Fund National Survey of Physicians and Quality of Care.
Figure 30. Current Factors Affecting Physicians’ Compensation

- **Productivity/Billing**: 58% Major Factor, 14% Minor Factor, 27% Not a Factor
- **Board Re-Certification Status**: 11% Major Factor, 28% Minor Factor, 60% Not a Factor
- **Measures of Clinical Care**: 8% Major Factor, 19% Minor Factor, 72% Not a Factor
- **Patient Surveys/Experience**: 8% Major Factor, 19% Minor Factor, 72% Not a Factor
- **Quality Bonus/Incentive Payments from Insurance Plans**: 4% Major Factor, 15% Minor Factor, 80% Not a Factor