
Health Law Daily Wrap Up

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ASPE addressed the impact of COVID-19 on Medicare beneficiary service utilization and payments to providers with early data for the first six months of 2020.

Due to the COVID-19 pandemic, many elective services were cancelled and non-emergent services were postponed across the country. The reduction in service utilization is problematic because the beneficiaries may experience adverse health effects related to the foregone services and the associated reduction in payments may have lasting financial consequences for providers. The severity of both problems depends on the magnitude of the service reduction, how long it lasts and how rapidly services recover to expected levels. The HHS Office of the Assistant Secretary of Planning and Evaluation (ASPE) addressed COVID-19 related changes in beneficiary service utilization and provider payments for the first 6 months of 2020 with early data available to date (ASPE Issue Brief, September 28, 2020).

Findings. Medicare beneficiary utilization of services declined substantially beginning in mid-March 2020, bottomed out the week ending April 8, and has increased through June. Payments to providers for all fee-for-service (FFS) claims declined by 39% in the week ending April 8, 33% for inpatient services and 49% for physician services. By the week ending July 1, weekly payments had nearly returned to 2019 levels. They had risen to 96% of the comparable week in 2019 for all claims, 93% for inpatient services, and 95% for physician services. At the end of June, cumulative year to date payment deficits relative to 2019 ranged from 12-16% for these service categories. Utilization of individual preventive screening and surgical services declined substantially during March and April and has increased through June. Mammography preventive screening services have returned to pre-COVID levels, colonoscopies to 85% of pre-COVID levels.

Uncertainties. Despite these overall trends, ASPE found substantial variation across service types and geographies. It is unclear how much of the reduction in health service use and spending will be recovered in the second half of the year. ASPE does not yet know the short and long-term health effects of these changes in utilization on Medicare beneficiaries or the impact on the financial resilience of providers. ASPE concluded that careful monitoring of both trends will be important over the coming months.