

Medicare Physician Spending During COVID: Updated Analysis



The COVID-19 virus has tested the world's economy, leading to changes in the way we deal with all aspects of life. With the new normal created by the novel coronavirus, what does that hold for the future of the nephrology physician workforce in both the near and long term? There are several things to consider.

Fewer physicians are going into private practice. However, it is possible this will be offset in the short term with the potential of fewer nephrologists retiring as planned due to recent economic volatility and its impact on 401k accounts, retirement plans and joint ventures. Currently, many nephrology practices are feeling the financial effect of diminished patient volumes and hospital consults being minimized due to the pandemic.

“It has not been a quiet 14 months in the field of nephrology. Every practice in the US has likely been affected by the trend toward consolidation, opportunities for telehealth visits, reduction in patient appointments or the growth of value-based care models. At Tower, we have an eye on the stability and efficiency of nephrology practices across the country, partnering with physicians for strategic consulting and revenue cycle management, in addition to other success-focused services.” says Antone Crasto VP, Strategy and Development for Tower Physician Solutions.

On April 22, the AMA released an updated version of its [report](#) demonstrating the impact of COVID-19 on Medicare spending by physician specialties based on claims data. The updated report covers the first three quarters of 2020, through September 30 and indicates that nephrology experienced the lowest reduction in spending by specialty; -4%, and that telehealth spending for ESRD services increased from \$0.5 million for the period from January 1, 2020 to March 15, 2020, to \$22.6 million from March 16-June 30, 2020, and decreased to \$13.7 million from July 1-September 30, 2020.

In the report 81% of physicians surveyed in July and August said revenue was still lower than pre-pandemic. While 97% of physician practices have experienced a negative financial effect directly or indirectly as a result of COVID-19. On average, practices report a 32% drop in revenue and despite the telehealth increase, almost 70% of physicians were still providing fewer total visits (in-person + telehealth) at the time of the survey than pre-pandemic.

Other key findings of the report indicate that: (1) Medicare physician spending was down as much as 57% in April 2020 and was still 8% below expected spending at the end of September; (2) there was substantial variation in impacts by type and place of service, specialty and state; (3) rapid adoption of telehealth for E&M and mental health services was observed; and (4) there was an estimated \$11.5 billion (16%) cumulative reduction in spending through the third quarter of 2020.