



# Fact sheet for patients on Medicare data release

## Background

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On April 9, 2014, the Centers for Medicare & Medicaid Services (CMS) released physicians' 2012 Medicare claims data to the public. While CMS provided some important data in its release, the agency omitted critical information about the limitations of the data. The data are also missing crucial metrics—quality, value and outcomes—that would help you, as a patient, make meaningful decisions about your medical care.

Medicare claims data are complex and can be confusing—and in this case, the data show only a portion of the full picture. Medicare payments aren't a physician's personal income. These payments are practice revenues that must cover business expenses, including pay and benefits for practice staff, billing and other professional services, office rent, utilities, professional liability insurance, medical equipment and supplies.

The limitations listed below should be kept in mind when reviewing the Medicare claims data, to help clear up any confusion or misinterpretations of the data.

- 1. The data could contain errors.** Physicians don't have a way to correct the information reported.
- 2. The data set focuses solely on payment.** Quality of care can't be assessed from the information reported.
- 3. The reported number of services could be misleading.** For instance, at times many health care professionals will bill Medicare under a single physician's National Provider Identifier. The set of Medicare data released may not properly detail who performed the services.
- 4. Billed charges and payments aren't the same.** Like most private plans, what Medicare pays physicians is generally far below the physician's billed charges.
- 5. The data set doesn't include information on the physician's whole patient population.** The database only includes fee-for-service Medicare patients. It does not include patients covered by private plans or Medicare Advantage. Lack of this information skews most of the comparisons from this data.
- 6. Payment amounts vary based on where the service was provided.** Medicare pays physicians less for services provided in a hospital than for services provided in the physician's office, because the hospital is expected to pay for the equipment and supplies that are used. But Medicare makes another payment to the facility to cover its costs when services are provided there. That means that, in reality, the total costs to Medicare and the patient are often higher when a service is provided in a facility setting.

**7. The data set doesn't enable clear comparisons of physicians.** Medicare's specialty descriptions and practice types aren't very specific, which can again lead to many misleading comparisons.

**8. Reimbursement for drugs purchased and administered by physicians is included with other physician payments.** They are not separately identified, and there is no indication that these payments are compensation for the price of the drugs themselves, many of which are very expensive and are required to treat such serious conditions as cancer and macular degeneration.

**Visit the American Medical Association's website at [ama-assn.org/go/advocacy](http://ama-assn.org/go/advocacy) for additional information.**