



Highlights of [GAO-07-463](#), a report to the Subcommittee on Health, Committee on Ways and Means, House of Representatives

## Why GAO Did This Study

In 2005 Medicare paid over \$1.4 billion for anesthesia services. These services are generally provided by anesthesia practitioners, such as anesthesiologists and certified registered nurse anesthetists (CRNAs). A government-sponsored study found that Medicare payments for anesthesia services are lower than private payments. Congress is concerned that this difference may create regional discrepancies in the supply of anesthesia practitioners, and asked GAO to explore this issue.

GAO examined (1) the extent to which Medicare payments for anesthesia services were lower than private payments across Medicare payment localities in 2004, (2) whether the supply of anesthesia practitioners across Medicare payment localities in 2004 was related to the differences between Medicare and private payments for anesthesia services or the concentration of Medicare beneficiaries, and (3) compensation levels for anesthesia practitioners in 2005 and trends in graduate training. GAO used claims data from two anesthesia service billing companies that bill private insurance payers and Medicare to calculate payments by payer for seven anesthesia services in 41 Medicare payment localities. GAO also used data from the Centers for Medicare & Medicaid Services (CMS) and other sources to determine practitioner supply and Medicare beneficiary concentration in 87 Medicare payment localities.

[www.gao.gov/cgi-bin/getrpt?GAO-07-463](http://www.gao.gov/cgi-bin/getrpt?GAO-07-463).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Kathleen King at (202) 512-7114 or [kingk@gao.gov](mailto:kingk@gao.gov).

# MEDICARE PHYSICIAN PAYMENTS

## Medicare and Private Payment Differences for Anesthesia Services

### What GAO Found

GAO found that in 2004 average Medicare payments for a set of seven anesthesia services provided by anesthesiologists alone were 67 percent lower than average private insurance payments in 41 Medicare payment localities—geographic areas established by CMS to account for geographic variations in the relative costs of providing physician services.

In 2004, there was no correlation between the overall supply of anesthesia practitioners—that is, the total number of both anesthesiologists and CRNAs per 100,000 people—and either the difference between Medicare and private insurance payments for anesthesia services or the concentration of Medicare beneficiaries in the Medicare payment localities included in GAO's analyses. However, when GAO examined the supply of anesthesiologists and CRNAs separately, GAO found correlations between practitioner supply and payment differences and practitioner supply and beneficiary concentration. Specifically, GAO found that in 2004, the supply of CRNAs tended to decrease as the difference between Medicare and private insurance payments for anesthesia services increased in 41 Medicare payment localities. GAO also found that in 2004 the supply of anesthesiologists tended to decrease as the concentration of Medicare beneficiaries increased across 87 Medicare payment localities, while the supply of CRNAs tended to increase as the concentration of Medicare beneficiaries increased across these Medicare payment localities.

For 2005, compensation for anesthesia practitioners was reported to compare favorably with other practitioners, according to information from medical group practices from across the country that responded to a survey of Medical Group Management Association (MGMA) member organizations. The 2005 median annual compensation for general anesthesiologists—approximately \$354,240—was over 10 percent higher than the median annual compensation for specialists and over twice the compensation for generalists. For 2005, MGMA-reported median annual compensation for CRNAs—approximately \$131,400—was over 40 percent higher than the MGMA-reported median annual compensation for either nurse midwives or nurse practitioners and over 35 percent higher than the MGMA-reported median annual compensation for physician assistants. The number of anesthesiology residency positions offered through the National Resident Matching Program and the number of nurse anesthesia graduates have increased in recent years.

CMS stated that the study provided a good summary of information collected from a variety of sources on anesthesia payments and the supply of anesthesia practitioners.