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June 6, 2018

Ms. Lori Wing-Heier
Director, Alaska Division of Insurance
550 West 7th Avenue, Suite 1560
Anchorage, AK 99501-2567

Subject: Provider Reimbursement Rate Summary – Physician Services

Dear Director Wing-Heier:

As requested, we have completed an analysis of reimbursement rates relative to Medicare in recent years for professional services, to help the Alaska Division of Insurance (the Division) better understanding whether commercial healthcare costs for certain types of services, or services provided by certain types of physicians and other healthcare professionals, in Alaska have escalated more quickly than other types of services or specialties. The analysis also compares reimbursement levels relative to Medicare in Alaska for professional services, including the rate at which the reimbursement levels have changed, to other geographic locations specified by the Division. The following memorandum provides a brief description of the methodology used to complete the analysis and a summary of the results. The accompanying Excel file titled "Physician Reimbursement Summary - 06062018.xlsx" (Excel file) contains a more detailed view of the results of the analyses.

Description of Methodology

Allowed claims data from the IBM Watson Health MarketScan® Database (MarketScan®) was used to calculate average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule reimbursement levels for services provided by physicians and other healthcare professionals for each of the following geographies: Alaska, North Dakota, Idaho, Montana, and Seattle. Data for Hawaii was not included in the analysis as originally intended since the Hawaii data was not credible. MarketScan® data for services performed in 2014, 2015, and 2016 were included in the analysis, with each year analyzed independently.

As a first step, an applicable Medicare Fee Schedule reimbursement amount was calculated for each claim line in the selected data set (i.e., professional claims in the specified states with dates of service in 2014, 2015, and 2016). When calculating the Medicare Fee Schedule reimbursement amount for a given claim, the Medicare Conversion Factor, Geographic Pricing Cost Indices (GPCIs), and Relative Value Unit (RVU) applicable to the year and Current Procedure Terminology (CPT) code were attached and considered in the calculation. Further, any claim payment modifiers included on the claim record that indicate an adjustment would be applied to

the reimbursement amount under the Medicare Fee Schedule were considered (e.g., modifiers that indicate only the technical component of a radiology services is being billed for).

Average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule amount were then analyzed by service category groupings, and separately by provider specialty groupings. Service category groupings were defined using CPT codes and represent similar types of services (e.g., office visits, cardiology surgeries, high-cost imaging services, etc.). Services billed using Healthcare Common Procedure Coding System (HCPCS) codes were not included in the analysis due to the miscellaneous/ancillary nature of these codes, and the relatively small proportion of total dollars represented by these services. Provider specialties, as reported on each claim records, were grouped together for similar specialties (e.g., pathology, pediatric pathology, and laboratory were grouped together as lab/pathology). The top ten provider specialties in Alaska determined by Medicare Fee Schedule reimbursement amounts across all three years of data, were analyzed with the remaining provider specialties grouped together.

Average commercial reimbursement rates by provider specialty were analyzed further for three broad service category groupings: evaluation and management (E&M) services, surgical services, and all other services. The broad service category groupings were defined as follows:

- E&M services: CPT Codes 99201-99499
- Surgical services: CPT Codes 10021-69799
- Other services: All other CPT Codes

Average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule amount in Alaska were compared to average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule amount for each of the other geographies to inform our understanding of service category groupings or provider specialties that have anomalously higher reimbursement levels in Alaska. To ensure the reimbursement levels for each geography were calculated using a consistent market basket of services, the weights applied to each service category grouping and provider specialty grouping were based on the distribution of Medicare Fee Schedule reimbursement amounts for professional services using the combined 2014, 2015, and 2016 MarketScan® data, limited to Alaska. An adjustment was made to reflect changes in the Medicare Fee Schedule conversion factor. The resulting distribution used to weight each service category grouping and provider specialty was approximately representative of a distribution of Medicare relative value units for three years of utilization statistics. Three years of combined reimbursements, evaluated at Medicare Fee Schedule reimbursement levels, were used to enhance the credibility of our results. It should be noted that the distribution of Medicare Fee Schedule reimbursements in Alaska was relatively stable each year.

Average unit costs for each service category or provider specialty grouping (at both commercial and Medicare Fee Schedule reimbursement levels) reflected a weighted average of unit costs across all CPT codes within the service category or provider specialty grouping. The average commercial reimbursement rate as a percentage of the applicable Medicare Fee Schedule was

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calculated by comparing the average commercial unit cost for a given service category grouping to the average Medicare unit cost for the same service category, assuming the same mix of services.

Overview of the Excel File

The Excel file associated with this analysis includes eight worksheets of summarized data. The "Src Category – 2014," Src Category – 2015," and Src Category – 2016" worksheets are summarized similarly, as are the "Prov Specialty – 2014," "Prov Specialty – 2015," and "Prov Specialty – 2016" worksheets. An overview of the information summarized within each worksheet or worksheet grouping is as follows:

- "Src Category...": These worksheets summarize the average commercial reimbursement rate as a percentage of the applicable Medicare Fee Schedule by service category grouping for each geography, separately for each calendar year of MarketScan® data. Additionally, these worksheets compare the average commercial reimbursement rate as a percentage of the applicable Medicare Fee Schedule by service category grouping in Alaska to the corresponding average commercial reimbursement rate as a percentage of the applicable Medicare Fee Schedule for each geography, separately for each calendar year of MarketScan® data.
- "Prov Specialty...": These worksheets summarize the average commercial reimbursement rate as a percentage of the applicable Medicare Fee Schedule by provider specialty grouping for each geography, separately for each calendar year of MarketScan® data. Additionally, these worksheets compare the average commercial reimbursement rate as a percentage of the applicable Medicare Fee Schedule by provider specialty grouping in Alaska to the corresponding average commercial reimbursement rate as a percentage of the applicable Medicare Fee Schedule for each geography, separately for each calendar year of MarketScan® data.
- "Proc Code Summary": Summarizes the average commercial reimbursement rate relative to the applicable Medicare Fee Schedule for the top 50 procedures in Alaska. The top 50 procedures are defined in two different manners: 1) the top 50 procedures as represented by the procedure codes with the highest frequency among services provided by physicians and other healthcare professionals in Alaska in 2016; and 2) the top 50 procedures as represented by procedure codes with the highest total commercial spend for services provided by physicians and other healthcare professionals in Alaska in 2016. The corresponding reimbursement rates as a percentage of the applicable Medicare Fee Schedule are also shown for each geography for comparative purposes.
- "Provider Specialty Mapping": Summarizes the mapping of the provider specialties noted in the MarketScan® data to the provider specialty groupings shown in the analysis. The "OW Provider Specialty Grouping" field was used to identify the top ten provider specialties. Given the granular nature of the data presented in this worksheet, the results of some procedure codes may not be credible.

Results

Across all services, the average commercial reimbursement rate as a percentage of the Medicare Fee Schedule increased between 2014 and 2016 in Alaska. Additionally, the increase in the average commercial reimbursement rate as a percentage of the Medicare Fee Schedule observed in Alaska was comparable relative to the increases observed in most other geographies. Table 1 below summarizes the average commercial reimbursement rate as a percentage of the Medicare Fee Schedule by year for each geography and a comparison of the average commercial reimbursement rate as a percentage of the Medicare Fee Schedule in Alaska to the corresponding average for each geography.

Table 1 – Summary of Commercial Reimbursement Rates

Geography	Average Reimbursement Rate (% of Medicare)			Alaska Relative to Each Geography		
	2014	2015	2016	2014	2015	2016
Alaska	269%	268%	273%			
Idaho	155%	156%	157%	1.73	1.71	1.73
Montana	161%	156%	158%	1.67	1.72	1.73
North Dakota	181%	186%	191%	1.49	1.44	1.43
Seattle, WA	143%	143%	147%	1.88	1.87	1.86

When analyzing the results by service category grouping as shown in the "Svrc Category..." worksheets in the Excel file, a couple of key observations were noted:

- Average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule were approximately **three times higher in Alaska** relative to the other geographies for the following service category groupings: Cardiovascular Procedures, Neurology and Neuromuscular Procedures, Surgical Procedures on the Nervous System, and Radiology – Other.
- The relativity of average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule in Alaska for radiology and imaging services (Diagnostic Radiology (Diagnostic Imaging) Procedures, Diagnostic Ultrasound Procedures, and Radiology – Other service category groupings) increased relative to the other geographies. For example, average reimbursement rates as a percentage of the applicable Medicare Fee Schedule for Diagnostic Radiology (Diagnostic Imaging) Procedures increased in Alaska from **491% in 2014 to 533% in 2016**, whereas in most other geographies the average reimbursement rate as a percentage of the applicable Medicare Fee Schedule decreased or the rate of increase was not as rapid.
- Average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule for New Patient Office Visit of Other Outpatient Service and Established Patient Office Visit of Other Outpatient Service in **Alaska increased faster relative to the other geographies**, although not nearly as noticeable as radiology and imaging services.

However, given the volume of claim dollars associated with these service category groupings, the impact over time could be significant if the current trajectory continues.

When analyzing the results by provider specialty grouping, as shown in the "Prov Specialty..." worksheets in the Excel file, caution should be used since some of the cohorts when analyzing the data by broad service category grouping lack credibility. A couple of key observations were noted:

- Average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule for the Radiology – General provider specialty grouping **increased faster in Alaska relative to the other geographies.**
- Average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule for **Surgical Services** are **approximately twice as high in Alaska relative to the other geographies** and **nearly twice as high as E&M services.** In the other geographies, average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule for Surgical Services are comparable to E&M Services.
- Average commercial reimbursement rates as a percentage of the applicable Medicare Fee Schedule for E&M Services and Other Services are increasing at the same rate as the other geographies.

Limitations

This analysis was developed to provide the Division with a summary of changes in physician reimbursement rates in Alaska by service category and provider specialty grouping, and a comparison of changes in physician reimbursement rates in Alaska relative to other geographies specified by the Division. In completing the analysis, several assumptions were made including:

- Procedure codes that did not have a corresponding Medicare Fee Schedule reimbursement rate were excluded from the analysis. Additionally, HCPCS codes and temporary procedure codes were excluded from the analysis.
- Not all claims in the MarketScan® data had a provider specialty reported or the provider was associated with multiple specialties. For these instances, we did not attempt to recategorize the provider specialty and instead maintained the provider specialty assigned (e.g., multispecialty physician group).
- Variations in Medicare Fee Schedule reimbursement rates by geography were assumed to accurately reflect differences in provider costs associated with delivering care.



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If you have any questions regarding our analysis, please feel free to contact me. I can be reached at 414 277 4680.

Sincerely,

Ryan Mueller, FSA, MAAA
Senior Consultant

Copy: Anna Latham, Alaska Division of Insurance
Tammy Tomczyk, Oliver Wyman Actuarial Consulting, Inc.

Physician Reimbursement Summary by Service Category Grouping - 2014 MarketScan Data

Excludes services with no corresponding Medicare Fee Schedule reimbursement rate
Excludes HCPCS and Temporary Procedure Codes

Service Category	2014 Allowed Claims	Reimbursement as a % of 2014 Medicare FFS					Commercial Reimbursements as a % of 2014 Medicare FFS in Alaska Relative to Commercial Reimbursements as a % of 2014 Alaska Relative to Commercial Reimbursements as a % of 2014				
		Alaska	Idaho	Montana	North Dakota	Seattle, WA	Idaho	Montana	North Dakota	Seattle, WA	Seattle, WA
Allergy and Clinical Immunology Procedures	\$330,040	1214%	646%	826%	1401%	851%	1.88	1.47	0.87	1.43	1.43
Cardiovascular Procedures	\$2,088,421	579%	175%	224%	245%	153%	3.31	2.58	2.37	3.79	3.79
Chemistry Procedures	\$2,070,141	307%	112%	160%	240%	114%	2.74	1.92	1.28	2.70	2.70
Consultation Services	\$1,098,023	219%	181%	105%	208%	160%	1.21	2.09	1.05	1.37	1.37
Diagnostic Radiology (Diagnostic Imaging) Procedures	\$7,182,900	491%	219%	208%	236%	177%	2.25	2.37	2.09	2.78	2.78
Diagnostic Ultrasound Procedures	\$2,111,701	333%	203%	182%	188%	170%	1.64	1.83	1.78	1.96	1.96
Emergency Department Services	\$3,357,374	370%	167%	206%	188%	201%	2.22	1.80	1.97	1.84	1.84
Hospital Inpatient Services	\$1,540,491	251%	155%	155%	176%	149%	1.61	1.61	1.43	1.68	1.68
Inpatient Neonatal Intensive Care Services	\$326,913	402%	222%	209%	192%	250%	1.81	1.93	2.09	1.61	1.61
Microbiology Procedures	\$646,901	203%	105%	139%	214%	97%	1.93	1.46	0.95	2.09	2.09
Neurology and Neuromuscular Procedures	\$1,095,973	478%	174%	175%	192%	149%	2.75	2.73	2.50	3.21	3.21
Ophthalmology Services and Procedures	\$482,145	182%	135%	123%	150%	116%	1.35	1.48	1.21	1.58	1.58
Orthopedic/Chiropractic Manipulative Treatment Procedures	\$1,856,461	138%	87%	115%	138%	83%	1.58	1.20	1.00	1.67	1.67
Physical Medicine and Rehabilitation Evaluations	\$6,629,523	293%	163%	179%	192%	138%	1.79	1.64	1.52	2.12	2.12
Preventive Medicine Services	\$3,309,060	172%	160%	146%	160%	142%	1.08	1.18	1.08	1.21	1.21
Psychiatry Services and Procedures	\$2,769,085	113%	90%	98%	118%	92%	1.26	1.15	0.96	1.22	1.22
Surgical Pathology Procedures	\$1,314,802	285%	165%	172%	203%	159%	1.72	1.66	1.41	1.80	1.80
Surgical Procedures for Maternity Care and Delivery	\$2,806,568	274%	150%	142%	163%	142%	1.82	1.93	1.68	1.93	1.93
Surgical Procedures on the Cardiovascular System	\$1,615,854	352%	175%	196%	250%	155%	2.01	1.78	1.41	2.27	2.27
Surgical Procedures on the Digestive System	\$4,411,925	411%	196%	187%	196%	199%	2.10	2.19	2.09	2.06	2.06
Surgical Procedures on the Genital System	\$2,023,410	391%	156%	167%	198%	150%	2.51	2.34	1.98	2.61	2.61
Surgical Procedures on the Integumentary System	\$2,311,180	249%	148%	148%	178%	140%	1.69	1.68	1.40	1.78	1.78
Surgical Procedures on the Musculoskeletal System	\$7,282,922	390%	162%	197%	183%	162%	2.40	1.98	2.13	2.41	2.41
Surgical Procedures on the Nervous System	\$2,947,853	626%	175%	241%	223%	161%	3.58	2.60	2.81	3.89	3.89
Surgical Procedures - Other	\$3,019,862	396%	172%	205%	208%	154%	2.30	1.93	1.93	2.57	2.57
Radiology - Other	\$4,224,636	590%	205%	182%	263%	163%	2.87	3.24	2.24	3.62	3.62
Lab/Pathology - Other	\$1,963,901	285%	120%	180%	242%	123%	2.38	1.58	1.17	2.32	2.32
Physical Medicine - Other	\$2,096,567	193%	137%	150%	156%	125%	1.41	1.29	1.23	1.55	1.55
Therapeutic Procedures - Other	\$886,978	332%	166%	176%	183%	152%	2.00	1.89	1.81	2.19	2.19
Evaluation and Management - Other	\$750,250	277%	167%	165%	173%	159%	1.66	1.67	1.60	1.74	1.74
New Patient Office Visit of Other Outpatient Service	\$3,025,893	169%	155%	146%	160%	140%	1.09	1.16	1.05	1.20	1.20
Established Patient Office Visit of Other Outpatient Service	\$11,278,938	174%	159%	149%	166%	141%	1.09	1.17	1.04	1.23	1.23
All Services (adjusted to Alaska service mix)	\$88,856,888	269%	155%	161%	181%	143%	1.73	1.67	1.49	1.88	1.88

Physician Reimbursement Summary by Service Category Grouping - 2015 MarketScan Data

Excludes services with no corresponding Medicare Fee Schedule reimbursement rate

Excludes HCPCS and Temporary Procedure Codes

Service Category	2015 Allowed Claims	Reimbursement as a % of 2015 Medicare FFS					Commercial Reimbursements as a % of 2015 Medicare FFS in Alaska Relative to Commercial Reimbursements as a % of 2015				
		Alaska	Idaho	Montana	North Dakota	Seattle, WA	Idaho	Montana	North Dakota	Seattle, WA	
Allergy and Clinical Immunology Procedures	\$318,361	1253%	650%	698%	1530%	823%	1.93	1.79	0.82	1.52	
Cardiovascular Procedures	\$1,595,335	546%	179%	220%	256%	149%	3.05	2.48	2.13	3.67	
Chemistry Procedures	\$1,322,993	274%	110%	173%	255%	102%	2.50	1.59	0.98	2.68	
Consultation Services	\$934,028	228%	185%	164%	232%	157%	1.23	1.39	0.98	1.45	
Diagnostic Radiology (Diagnostic Imaging) Procedures	\$5,699,921	519%	214%	218%	266%	183%	2.42	2.38	1.95	2.83	
Diagnostic Ultrasound Procedures	\$1,852,338	352%	205%	179%	205%	174%	1.72	1.96	1.72	2.03	
Emergency Department Services	\$2,615,343	382%	169%	182%	205%	207%	2.25	2.09	1.86	1.85	
Hospital Inpatient Services	\$1,338,917	251%	157%	157%	178%	148%	1.60	1.60	1.41	1.70	
Inpatient Neonatal Intensive Care Services	\$488,638	442%	210%	176%	235%	244%	2.10	2.52	1.88	1.81	
Microbiology Procedures	\$534,704	192%	105%	136%	222%	95%	1.82	1.41	0.87	2.03	
Neurology and Neuromuscular Procedures	\$969,876	479%	174%	180%	207%	153%	2.76	2.67	2.32	3.12	
Ophthalmology Services and Procedures	\$404,122	167%	135%	121%	148%	116%	1.24	1.38	1.13	1.44	
Osteopathic/Chiropractic Manipulative Treatment Procedures	\$1,497,721	138%	92%	120%	140%	84%	1.50	1.16	0.99	1.66	
Physical Medicine and Rehabilitation Evaluations	\$5,652,416	278%	163%	175%	184%	139%	1.70	1.59	1.51	2.00	
Preventive Medicine Services	\$2,695,452	174%	164%	147%	167%	147%	1.06	1.18	1.04	1.18	
Psychiatry Services and Procedures	\$1,961,113	105%	92%	99%	117%	93%	1.15	1.07	0.91	1.14	
Surgical Pathology Procedures	\$1,144,463	255%	166%	174%	205%	145%	1.54	1.47	1.24	1.75	
Surgical Procedures for Maternity Care and Delivery	\$2,316,136	276%	154%	139%	152%	147%	1.79	1.99	1.82	1.87	
Surgical Procedures on the Cardiovascular System	\$1,475,460	368%	179%	179%	262%	155%	2.08	2.05	1.41	2.37	
Surgical Procedures on the Digestive System	\$3,414,959	404%	191%	166%	205%	197%	2.11	2.44	1.97	2.05	
Surgical Procedures on the Genital System	\$1,643,924	379%	158%	151%	210%	155%	2.40	2.51	1.81	2.44	
Surgical Procedures on the Integumentary System	\$1,741,245	254%	148%	145%	185%	141%	1.72	1.75	1.37	1.81	
Surgical Procedures on the Musculoskeletal System	\$6,377,616	398%	160%	159%	192%	167%	2.48	2.51	2.07	2.38	
Surgical Procedures on the Nervous System	\$2,607,141	569%	171%	175%	222%	171%	3.33	3.25	2.57	3.34	
Surgical Procedures - Other	\$2,091,549	338%	173%	161%	204%	159%	1.96	2.10	1.65	2.13	
Radiology - Other	\$1,917,073	688%	202%	181%	247%	168%	3.41	3.81	2.79	4.11	
Lab/Pathology - Other	\$1,363,319	269%	115%	170%	245%	124%	2.34	1.59	1.10	2.18	
Physical Medicine - Other	\$1,625,037	205%	141%	154%	161%	124%	1.46	1.34	1.28	1.66	
Therapeutic Procedures - Other	\$600,350	316%	161%	136%	182%	143%	1.96	2.32	1.74	2.21	
Evaluation and Management - Other	\$551,953	256%	164%	166%	178%	160%	1.56	1.54	1.44	1.60	
New Patient Office Visit of Other Outpatient Service	\$2,526,941	170%	157%	146%	164%	142%	1.09	1.17	1.04	1.20	
Established Patient Office Visit of Other Outpatient Service	\$8,773,885	178%	162%	150%	171%	143%	1.10	1.19	1.04	1.24	
All Services (adjusted to Alaska service mix)	\$70,052,330	268%	155%	156%	186%	145%	1.71	1.72	1.44	1.85	

Physician Reimbursement Summary by Service Category Grouping - 2016 MarketScan Data

Excludes services with no corresponding Medicare Fee Schedule reimbursement rate

Excludes HCPCS and Temporary Procedure Codes

Service Category	2016 Allowed Claims	Reimbursement as a % of 2016 Medicare FFS					Commercial Reimbursements as a % of 2016 Medicare FFS in Alaska Relative to Commercial Reimbursements as a % of 2016				
		Alaska	Idaho	Montana	North Dakota	Seattle, WA	Idaho	Montana	North Dakota	Seattle, WA	
Allergy and Clinical Immunology Procedures	\$352,463	1279%	695%	722%	1137%	767%	1.84	1.77	1.12	1.67	
Cardiovascular Procedures	\$1,624,932	571%	179%	232%	280%	155%	3.19	2.46	2.04	3.68	
Chemistry Procedures	\$1,308,892	284%	108%	168%	251%	102%	2.63	1.69	1.13	2.78	
Consultation Services	\$798,040	230%	185%	162%	235%	163%	1.25	1.42	0.98	1.41	
Diagnostic Radiology (Diagnostic Imaging) Procedures	\$5,721,208	533%	208%	215%	276%	169%	2.59	2.48	1.93	3.14	
Diagnostic Ultrasound Procedures	\$1,785,619	367%	197%	181%	201%	171%	1.86	2.03	1.83	2.15	
Emergency Department Services	\$2,645,932	386%	179%	186%	221%	211%	2.16	2.08	1.74	1.83	
Hospital Inpatient Services	\$1,026,206	260%	161%	161%	187%	155%	1.61	1.61	1.39	1.67	
Inpatient Neonatal Intensive Care Services	\$493,257	444%	231%	176%	214%	266%	1.92	2.53	2.07	1.67	
Microbiology Procedures	\$547,642	183%	104%	130%	218%	96%	1.77	1.40	0.84	1.91	
Neurology and Neuromuscular Procedures	\$1,059,891	511%	171%	193%	211%	159%	2.99	2.65	2.42	3.22	
Ophthalmology Services and Procedures	\$553,192	157%	133%	117%	135%	113%	1.18	1.33	1.16	1.38	
Osteopathic/Chiropractic Manipulative Treatment Procedures	\$1,507,162	140%	94%	122%	146%	81%	1.49	1.14	0.96	1.72	
Physical Medicine and Rehabilitation Evaluations	\$5,640,673	279%	165%	189%	190%	139%	1.69	1.47	1.47	2.00	
Preventive Medicine Services	\$2,580,871	177%	168%	150%	167%	152%	1.05	1.18	1.06	1.17	
Psychiatry Services and Procedures	\$1,991,138	114%	91%	102%	124%	93%	1.25	1.12	0.92	1.23	
Surgical Pathology Procedures	\$1,046,835	248%	161%	168%	201%	134%	1.54	1.48	1.24	1.85	
Surgical Procedures for Maternity Care and Delivery	\$1,946,347	280%	158%	143%	196%	154%	1.77	1.96	1.43	1.82	
Surgical Procedures on the Cardiovascular System	\$1,132,912	411%	170%	171%	301%	142%	2.42	2.41	1.37	2.90	
Surgical Procedures on the Digestive System	\$3,217,534	412%	201%	171%	203%	229%	2.05	2.41	2.03	1.80	
Surgical Procedures on the Genital System	\$1,384,706	381%	157%	152%	200%	159%	2.43	2.51	1.91	2.39	
Surgical Procedures on the Integumentary System	\$1,441,349	244%	149%	144%	175%	143%	1.63	1.70	1.39	1.70	
Surgical Procedures on the Musculoskeletal System	\$6,726,465	411%	161%	154%	192%	171%	2.55	2.66	2.14	2.41	
Surgical Procedures on the Nervous System	\$2,409,839	585%	176%	177%	268%	183%	3.32	3.30	2.19	3.19	
Surgical Procedures - Other	\$2,287,763	410%	174%	160%	216%	166%	2.35	2.56	1.90	2.48	
Radiology - Other	\$1,644,512	610%	202%	233%	232%	166%	3.02	2.62	2.63	3.67	
Lab/Pathology - Other	\$1,321,101	272%	114%	162%	239%	111%	2.39	1.68	1.14	2.46	
Physical Medicine - Other	\$1,759,802	210%	143%	144%	169%	124%	1.47	1.46	1.24	1.69	
Therapeutic Procedures - Other	\$498,113	317%	162%	166%	183%	145%	1.96	1.92	1.73	2.18	
Evaluation and Management - Other	\$449,093	270%	169%	162%	187%	165%	1.60	1.67	1.45	1.64	
New Patient Office Visit of Other Outpatient Service	\$2,636,731	176%	159%	148%	170%	145%	1.10	1.19	1.04	1.21	
Established Patient Office Visit of Other Outpatient Service	\$9,087,599	182%	164%	149%	176%	146%	1.11	1.22	1.04	1.25	
All Services (adjusted to Alaska service mix)	\$68,627,817	273%	157%	158%	191%	147%	1.73	1.73	1.43	1.86	

Physician Reimbursement Summary by Provider Specialty - 2014 MarketScan Data

Limited to the top 10 provider specialties in Alaska based on 2014-2016 Medicare Fee Schedule Reimbursement Amounts

Excludes services with no corresponding Medicare Fee Schedule reimbursement rate

Excludes HCPCS and Temporary Procedure Codes

		2014 Allowed Claims	Reimbursement as a % of 2014 Medicare FFS					Commercial Reimbursements as a % of 2014 Medicare FFS in Alaska Relative to Commercial Reimbursements as a % of 2014 Medicare FFS for Each Geography				
Provider Specialty			Alaska	Idaho	Montana	North Dakota	Seattle, WA	Idaho	Montana	North Dakota	Seattle, WA	
All Services	Family Medicine	\$21,417,798	226%	157%	153%	172%	145%	144	148	131	156	
	MH/SA	\$3,335,041	130%	102%	100%	134%	93%	127	130	097	139	
	Chiropractor	\$4,510,701	197%	93%	109%	135%	180	213	180	146	218	
	Gynecology, OB/GYN	\$5,811,324	278%	154%	147%	172%	139%	181	190	162	200	
	Radiology - General	\$9,856,058	482%	220%	204%	228%	170%	219	236	214	284	
	Surgery - Orthopedic	\$6,025,514	388%	161%	159%	171%	158%	241	243	227	246	
	Lab/Pathology	\$2,290,894	183%	131%	168%	234%	118%	140	110	078	156	
	Physical Medicine and Rehabilitation	\$3,315,258	277%	177%	208%	210%	139%	157	135	132	199	
	Medical Doctor (Not Classified Elsewhere)	\$3,932,402	252%	163%	179%	184%	148%	155	141	137	171	
	Emergency Medicine	\$3,421,033	330%	185%	330%	195%	188%	200	158	169	175	
Other Specialty	\$24,940,664	316%	171%	174%	196%	148%	185	182	161	214		
All Services (adjusted to Alaska provider mix)		\$88,856,688	269%	155%	161%	181%	143%	173	167	149	188	
F&M Services	Family Medicine	\$12,345,741	181%	163%	151%	166%	146%	111	120	109	124	
	MH/SA	\$774,538	171%	152%	105%	158%	112	112	164	110	161	
	Chiropractor	\$342,570	184%	100%	97%	101%	120%	164	169	162	138	
	Gynecology, OB/GYN	\$1,253,482	190%	160%	146%	170%	136%	119	130	112	140	
	Radiology - General	\$38,957	195%	151%	154%	181%	154%	130	127	108	126	
	Surgery - Orthopedic	\$597,875	191%	154%	156%	169%	140%	124	123	113	136	
	Lab/Pathology	\$5,282	157%	153%	153%	172%	120%	102	103	091	130	
	Physical Medicine and Rehabilitation	\$147,847	171%	152%	157%	174%	145%	112	109	098	118	
	Medical Doctor (Not Classified Elsewhere)	\$766,954	216%	158%	142%	162%	153	137	152	133	151	
	Emergency Medicine	\$2,947,879	323%	165%	210%	191%	190%	196	154	169	171	
Other Specialty	\$5,465,798	199%	157%	149%	171%	139%	128	133	116	143		
All F&M Services (adjusted to Alaska provider mix)		\$24,686,941	195%	160%	152%	168%	145%	123	129	117	135	
Surgical Services	Family Medicine	\$3,437,431	309%	146%	146%	176%	139%	212	212	176	222	
	MH/SA	\$26,404	432%	157%	172%	188%	113%	275	252	230	381	
	Chiropractor	\$11,240	149%	100%	47%	65%	103%	148	314	228	144	
	Gynecology, OB/GYN	\$3,641,033	318%	152%	144%	169%	138%	210	221	188	230	
	Radiology - General	\$723,333	347%	166%	197%	293%	191%	177	176	118	182	
	Surgery - Orthopedic	\$4,860,857	431%	161%	157%	171%	180%	268	275	252	270	
	Lab/Pathology	\$16,224	160%	116%	181%	269%	91%	137	088	059	176	
	Physical Medicine and Rehabilitation	\$213,781	640%	191%	289%	167%	158%	336	222	383	409	
	Medical Doctor (Not Classified Elsewhere)	\$1,075,189	366%	218%	303%	227%	155%	169	121	162	238	
	Emergency Medicine	\$307,948	378%	178%	222%	217%	184%	213	170	175	206	
Other Specialty	\$12,106,235	398%	182%	203%	208%	154%	219	196	193	258		
All Services (adjusted to Alaska provider mix)		\$26,419,575	375%	169%	180%	192%	151%	222	208	195	248	
Other Services	Family Medicine	\$5,634,627	362%	134%	165%	201%	141%	270	219	180	259	
	MH/SA	\$2,534,099	120%	90%	99%	125%	92%	133	121	096	130	
	Chiropractor	\$4,156,891	201%	92%	111%	139%	87%	218	181	145	230	
	Gynecology, OB/GYN	\$916,809	323%	152%	161%	188%	149%	212	201	172	216	
	Radiology - General	\$9,093,768	501%	225%	206%	221%	168%	222	243	227	298	
	Surgery - Orthopedic	\$566,782	497%	190%	188%	180%	182%	262	264	276	274	
	Lab/Pathology	\$2,269,378	184%	131%	166%	234%	118%	140	110	078	155	
	Physical Medicine and Rehabilitation	\$2,953,631	275%	178%	205%	216%	139%	153	134	127	198	
	Medical Doctor (Not Classified Elsewhere)	\$2,090,250	230%	123%	134%	191%	150%	187	171	120	153	
	Emergency Medicine	\$165,306	372%	148%	166%	204%	171%	251	224	182	217	
Other Specialty	\$7,368,631	353%	172%	172%	219%	150%	206	205	161	235		
All Services (adjusted to Alaska provider mix)		\$37,750,172	279%	141%	153%	187%	127%	198	182	149	219	

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Provider Specialty	2015 Allowed Claims	Reimbursement as a % of 2015 Medicare FFS					Commercial Reimbursements as a % of 2015 Medicare FFS in Alaska Relative to Commercial Reimbursements as a % of 2015				
		Alaska	Idaho	Montana	North Dakota	Seattle, WA	Idaho	Montana	North Dakota	Seattle, WA	
All Services											
Family Medicine	\$16,928,729	225%	180%	149%	175%	148%	141	150	128	152	
MH/SA	\$2,458,453	119%	103%	104%	129%	94%	1.15	1.14	0.92	1.27	
Chiropractor	\$3,829,823	195%	97%	115%	133%	92%	2.01	1.69	1.46	2.12	
Gynecology, OB/GYN	\$4,439,383	280%	157%	143%	182%	148%	1.79	1.86	1.54	1.92	
Radiology - General	\$6,592,443	486%	213%	212%	262%	173%	2.32	2.34	1.89	2.87	
Surgery - Orthopedic	\$4,894,836	384%	161%	160%	197%	161%	2.39	2.40	1.94	2.39	
Lab/Pathology	\$1,809,817	172%	131%	168%	235%	114%	1.31	1.02	0.73	1.51	
Physical Medicine and Rehabilitation	\$2,986,231	273%	175%	185%	200%	141%	1.56	1.48	1.37	1.94	
Medical Doctor (Not Classified Elsewhere)	\$1,991,093	275%	150%	175%	228%	149%	1.83	1.57	1.22	1.84	
Emergency Medicine	\$2,933,299	333%	167%	198%	227%	187%	1.99	1.68	1.46	1.78	
Other Specialty	\$21,310,412	316%	170%	188%	199%	151%	1.86	1.89	1.59	2.09	
All Services (adjusted to Alaska provider mix)	\$70,052,330	268%	158%	158%	186%	145%	1.71	1.72	1.44	1.85	
ERM Services											
Family Medicine	\$9,832,218	184%	166%	150%	172%	150%	1.11	1.23	1.07	1.23	
MH/SA	\$533,054	172%	153%	150%	142%	102%	1.13	1.15	1.22	1.68	
Chiropractor	\$303,175	159%	99%	101%	98%	122%	1.61	1.58	1.62	1.30	
Gynecology, OB/GYN	\$923,805	191%	163%	150%	175%	140%	1.17	1.28	1.09	1.36	
Radiology - General	\$33,119	215%	153%	169%	186%	154%	1.40	1.27	1.15	1.39	
Surgery - Orthopedic	\$493,062	187%	155%	156%	175%	142%	1.21	1.20	1.07	1.32	
Lab/Pathology	\$11,180	181%	155%	156%	191%	132%	1.17	1.15	0.95	1.37	
Physical Medicine and Rehabilitation	\$163,092	178%	152%	159%	183%	148%	1.18	1.12	0.97	1.20	
Medical Doctor (Not Classified Elsewhere)	\$302,066	220%	148%	150%	183%	145%	1.49	1.47	1.20	1.51	
Emergency Medicine	\$2,470,969	326%	168%	190%	221%	189%	1.94	1.71	1.47	1.73	
Other Specialty	\$4,859,418	208%	159%	152%	181%	140%	1.31	1.37	1.15	1.48	
All ERM Services (adjusted to Alaska provider mix)	\$19,928,157	200%	182%	153%	176%	148%	1.24	1.31	1.14	1.36	
Surgical Services											
Family Medicine	\$2,794,185	288%	146%	132%	153%	137%	1.98	2.18	1.89	2.11	
MH/SA	\$9,564	183%	112%	178%	129%	182%	1.64	1.03	1.42	1.42	
Chiropractor	\$6,518	133%	140%	114%	137%	183%	0.95	1.17	0.97	0.73	
Gynecology, OB/GYN	\$2,846,114	317%	154%	139%	180%	148%	2.05	2.29	1.76	2.17	
Radiology - General	\$473,118	377%	182%	184%	308%	196%	1.96	2.04	1.22	1.92	
Surgery - Orthopedic	\$3,895,695	424%	180%	156%	204%	162%	2.68	2.73	2.08	2.63	
Lab/Pathology	\$10,340	150%	106%	218%	275%	87%	1.41	0.69	0.54	1.72	
Physical Medicine and Rehabilitation	\$204,172	589%	186%	172%	169%	169%	3.16	3.42	3.49	3.50	
Medical Doctor (Not Classified Elsewhere)	\$373,155	346%	154%	179%	303%	148%	2.24	1.93	1.14	2.34	
Emergency Medicine	\$292,788	375%	174%	211%	280%	183%	2.16	1.78	1.34	2.05	
Other Specialty	\$10,762,404	388%	180%	183%	210%	158%	2.15	2.12	1.85	2.46	
All Services (adjusted to Alaska provider mix)	\$21,668,030	365%	167%	164%	200%	154%	2.19	2.24	1.83	2.37	
Other Services											
Family Medicine	\$4,200,347	352%	136%	160%	205%	143%	2.58	2.20	1.71	2.45	
MH/SA	\$1,915,835	109%	92%	99%	125%	93%	1.19	1.11	0.87	1.18	
Chiropractor	\$3,519,929	199%	97%	117%	138%	88%	2.06	1.71	1.45	2.25	
Gynecology, OB/GYN	\$669,474	333%	156%	158%	200%	155%	2.14	2.10	1.66	2.14	
Radiology - General	\$6,086,209	512%	219%	216%	260%	171%	2.34	2.37	1.97	3.00	
Surgery - Orthopedic	\$506,079	532%	199%	201%	200%	195%	2.68	2.64	2.67	2.73	
Lab/Pathology	\$1,788,298	172%	131%	167%	235%	114%	1.31	1.03	0.73	1.51	
Physical Medicine and Rehabilitation	\$2,598,967	271%	178%	187%	204%	140%	1.53	1.45	1.33	1.94	
Medical Doctor (Not Classified Elsewhere)	\$1,315,872	274%	150%	186%	225%	156%	1.83	1.47	1.22	1.73	
Emergency Medicine	\$169,543	387%	150%	269%	240%	174%	2.58	1.44	1.61	2.22	
Other Specialty	\$5,688,590	350%	170%	164%	220%	150%	2.06	2.14	1.59	2.34	
All Services (adjusted to Alaska provider mix)	\$28,459,142	279%	143%	156%	194%	129%	1.95	1.79	1.44	2.16	

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Provider Specialty	2016 Allowed Claims	Reimbursement as a % of 2016 Medicare FFS					Commercial Reimbursements as a % of 2016 Medicare FFS in Alaska Relative to Commercial Reimbursements as a % of 2016				
		Alaska	Idaho	Montana	North Dakota	South Dakota	Idaho	Montana	North Dakota	South Dakota	Seattle, WA
All Services											
Family Medicine	\$16,657,850	226%	162%	150%	180%	150%	140%	151%	126%	150%	
MH/SA	\$2,339,883	126%	102%	107%	135%	95%	1.24	1.17	0.94	1.33	
Chiropractor	\$3,987,347	197%	98%	121%	139%	91%	2.01	1.63	1.42	2.17	
Gynecology, OB/GYN	\$4,240,590	280%	158%	148%	193%	149%	1.77	1.89	1.45	1.88	
Radiology - General	\$6,314,636	503%	205%	222%	262%	168%	2.45	2.27	1.92	2.99	
Surgery - Orthopedic	\$4,715,777	393%	160%	165%	179%	163%	2.45	2.39	2.19	2.41	
Lab/Pathology	\$1,816,823	172%	127%	159%	218%	105%	1.35	1.08	0.79	1.64	
Physical Medicine and Rehabilitation	\$2,817,390	276%	178%	198%	207%	141%	1.56	1.40	1.33	1.96	
Medical Doctor (Not Classified Elsewhere)	\$2,155,256	279%	151%	181%	198%	152%	1.85	1.54	1.41	1.84	
Emergency Medicine	\$2,707,064	346%	174%	189%	222%	182%	1.98	1.83	1.56	1.80	
Other Specialty	\$20,875,390	336%	172%	170%	210%	153%	1.95	1.98	1.60	2.20	
All Services (adjusted to Alaska provider mix)	\$68,627,817	273%	157%	158%	191%	147%	1.73	1.73	1.43	1.86	
Family Medicine	\$9,980,948	189%	168%	151%	176%	154%	1.13	1.25	1.07	1.23	
MH/SA	\$478,475	167%	154%	154%	147%	106%	1.09	1.09	1.14	1.57	
Chiropractor	\$316,571	162%	101%	105%	108%	124%	1.61	1.55	1.53	1.31	
Gynecology, OB/GYN	\$965,920	196%	167%	153%	185%	144%	1.17	1.28	1.06	1.36	
Radiology - General	\$30,546	201%	155%	183%	188%	156%	1.29	1.10	1.08	1.29	
Surgery - Orthopedic	\$435,268	187%	156%	156%	183%	144%	1.20	1.20	1.02	1.30	
Lab/Pathology	\$12,061	193%	147%	159%	183%	123%	1.32	1.22	1.06	1.57	
Physical Medicine and Rehabilitation	\$132,777	189%	155%	159%	181%	155%	1.22	1.22	1.04	1.22	
Medical Doctor (Not Classified Elsewhere)	\$349,141	220%	148%	154%	175%	148%	1.50	1.43	1.26	1.49	
Emergency Medicine	\$2,326,428	337%	175%	189%	215%	184%	1.92	1.78	1.57	1.74	
Other Specialty	\$4,689,576	211%	182%	152%	180%	145%	1.30	1.39	1.17	1.45	
All E&M Services (adjusted to Alaska provider mix)	\$19,717,729	205%	165%	154%	178%	152%	1.24	1.33	1.15	1.35	
Family Medicine	\$2,472,941	270%	148%	130%	162%	139%	1.82	2.08	1.67	1.94	
MH/SA	\$1,666	181%	189%	148%	177%	154%	0.96	1.22	1.02	1.17	
Chiropractor	\$4,968	188%	124%	142%	145%	129%	1.51	1.33	1.29	1.46	
Gynecology, OB/GYN	\$2,613,561	319%	156%	145%	197%	148%	2.05	2.21	1.62	2.14	
Radiology - General	\$410,285	472%	184%	189%	288%	183%	2.56	2.49	1.59	2.58	
Surgery - Orthopedic	\$3,895,593	437%	180%	165%	178%	167%	2.74	2.65	2.46	2.62	
Lab/Pathology	\$10,376	166%	111%	263%	277%	84%	1.49	0.63	0.60	1.97	
Physical Medicine and Rehabilitation	\$180,850	385%	189%	204%	156%	160%	2.04	1.89	2.46	2.41	
Medical Doctor (Not Classified Elsewhere)	\$381,841	374%	189%	159%	330%	153%	2.21	2.35	1.13	2.44	
Emergency Medicine	\$241,103	391%	179%	182%	264%	190%	2.19	2.15	1.48	2.06	
Other Specialty	\$10,333,691	439%	184%	190%	231%	164%	2.38	2.31	1.90	2.69	
All Services (adjusted to Alaska provider mix)	\$20,546,914	390%	170%	168%	210%	158%	2.30	2.32	1.86	2.46	
Family Medicine	\$4,203,961	358%	137%	162%	208%	138%	2.61	2.21	1.72	2.59	
MH/SA	\$1,859,531	119%	92%	102%	131%	93%	1.29	1.17	0.91	1.27	
Chiropractor	\$3,665,788	201%	98%	123%	143%	87%	2.06	1.64	1.40	2.31	
Gynecology, OB/GYN	\$661,109	326%	153%	160%	196%	153%	2.13	2.04	1.66	2.13	
Radiology - General	\$5,873,805	510%	210%	226%	261%	167%	2.42	2.26	1.96	3.05	
Surgery - Orthopedic	\$384,896	501%	189%	182%	180%	182%	2.65	2.75	2.78	2.76	
Lab/Pathology	\$1,794,387	172%	127%	156%	217%	105%	1.35	1.09	0.79	1.63	
Physical Medicine and Rehabilitation	\$2,503,763	278%	180%	201%	214%	140%	1.54	1.38	1.29	1.99	
Medical Doctor (Not Classified Elsewhere)	\$1,424,275	278%	146%	205%	166%	158%	1.90	1.36	1.68	1.76	
Emergency Medicine	\$139,535	435%	146%	194%	268%	156%	2.97	2.24	1.62	2.79	
Other Specialty	\$5,852,124	358%	166%	171%	220%	144%	2.15	2.09	1.63	2.48	
All Services (adjusted to Alaska provider mix)	\$28,363,173	283%	141%	161%	192%	126%	2.01	1.76	1.47	2.25	
Other Services											
Family Medicine	\$4,203,961	358%	137%	162%	208%	138%	2.61	2.21	1.72	2.59	
MH/SA	\$1,859,531	119%	92%	102%	131%	93%	1.29	1.17	0.91	1.27	
Chiropractor	\$3,665,788	201%	98%	123%	143%	87%	2.06	1.64	1.40	2.31	
Gynecology, OB/GYN	\$661,109	326%	153%	160%	196%	153%	2.13	2.04	1.66	2.13	
Radiology - General	\$5,873,805	510%	210%	226%	261%	167%	2.42	2.26	1.96	3.05	
Surgery - Orthopedic	\$384,896	501%	189%	182%	180%	182%	2.65	2.75	2.78	2.76	
Lab/Pathology	\$1,794,387	172%	127%	156%	217%	105%	1.35	1.09	0.79	1.63	
Physical Medicine and Rehabilitation	\$2,503,763	278%	180%	201%	214%	140%	1.54	1.38	1.29	1.99	
Medical Doctor (Not Classified Elsewhere)	\$1,424,275	278%	146%	205%	166%	158%	1.90	1.36	1.68	1.76	
Emergency Medicine	\$139,535	435%	146%	194%	268%	156%	2.97	2.24	1.62	2.79	
Other Specialty	\$5,852,124	358%	166%	171%	220%	144%	2.15	2.09	1.63	2.48	
All Services (adjusted to Alaska provider mix)	\$28,363,173	283%	141%	161%	192%	126%	2.01	1.76	1.47	2.25	