

Health Care Financing Trends

Physician charges for surgical services under Medicare, by medical specialty: 1980 and 1985

by Charles R. Fisher

Since 1980, a number of Medicare practice and utilization patterns have changed as a result of payment reform, certification of new types of providers, and changes in technology. The shift in physician surgical charges by specialty and by setting is examined in this article.

Overview of surgical charges

Physicians submitted \$9.4 billion in charges for surgical services under Medicare in 1985 (Table 1), which was 2.5 times the amount submitted in 1980 (\$3.8 billion).

In 1985 surgery charges comprised:

- Almost one-third of all physician Medicare charges, about the same as in 1980.
- Almost one-sixth of all physician charges for office services, compared with one-eighth in 1980.
- Nearly one-half of all physician charges for outpatient hospital services, up from less than one-third in 1980.
- More than two-fifths of all physician charges for inpatient hospital services, down slightly from 1980.
- About one-eighth of all physician charges in other settings, nearly four times the level for 1980.

Note that the surgical charges in this article do not include other physician charges associated with surgical services such as "assistance at surgery" (\$545 million in 1985), anesthesia (\$1,523 million in 1985), or other medical services and supplies (an undetermined amount).

Charges by specialty

Fifteen dominant medical specialties accounted for 94 percent of all surgical charges (Table 2). Three specialties—ophthalmology, general surgery, and orthopedic surgery—accounted for one-half of these charges (Figure 1).

The proportion of Medicare physician charges accounted for by surgery charges varied by medical specialty (Figure 2). Some highlights of these variations are as follows:

- Overall, surgical charges represented about 32 percent of Medicare physician charges (medical and surgical combined).
- Ophthalmologists accounted for the largest proportion of total Medicare surgical charges, with 18.7 percent; however, surgical charges accounted for only 64.9 percent of all physician charges generated by that specialty.
- Among the specialties, plastic surgeons had the highest proportion of surgical charges as a percent of total charges, with 87.4 percent; however, plastic surgeons accounted for only 1.5 percent of all surgical charges.

Charges by surgical setting

Most surgical charges, nearly two-thirds, were derived from inpatient hospital settings (Figure 3). Office and outpatient hospital settings each contributed about one-sixth of all surgical charges. A relatively small share, nearly 3 percent, occurred in other settings—homes, nursing homes, and ambulatory surgical centers.

Surgical charges have shifted from inpatient settings to ambulatory settings since 1980. In that year, nearly 85 percent of surgical charges were derived from inpatient settings, compared with 65 percent in 1985.

Although most of the dominant specialties received most of their surgical charges from inpatient hospital

Table 1
Charges submitted to Medicare for all physician surgical services, by place of service: 1980 and 1985

Place of service	Surgical charges		
	Amount ¹ in millions	Percent of surgical charges	As percent of total settings charges
1980			
Total	\$3,828	100.0	31.8
Office	\$445	11.6	12.2
Outpatient hospital	129	3.3	29.5
Inpatient hospital	3,231	84.4	44.1
Other ²	23	.6	3.7
1985			
Total	\$9,399	100.0	31.6
Office	\$1,449	15.4	15.6
Outpatient hospital	1,564	16.6	47.5
Inpatient hospital	6,121	65.1	40.5
Other ²	265	2.8	13.1

¹Amounts shown represent submitted charges prior to "reasonable charge" reductions.

²Includes homes, nursing homes, and other places of service.

SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Part B Carrier Statistical System.

Reprint requests: Statistical Information Services Branch, 1F2 Oak Meadows Building, 6325 Security Boulevard, Baltimore, Maryland 21207.

Table 2

Physician surgical charges under Medicare as a share of total surgical charges and as a percent of total practice charges, by medical specialty: 1980 and 1985

Specialty	Percent distribution of surgical charges		Surgical charges as a percent of total practice charges	
	1980	1985	1980	1985
All physicians	100.0	100.0	31.8	31.6
Ophthalmology	13.6	18.7	62.1	64.9
General surgery	22.1	18.3	71.6	73.7
Orthopedic surgery	13.0	12.0	71.6	73.3
Urology	10.7	8.0	75.6	74.1
Thoracic surgery	8.0	7.5	82.2	81.8
Clinic or other group practice	4.7	4.4	25.8	23.5
Internal medicine	4.2	4.3	6.9	8.1
Cardiovascular disease	2.7	3.3	22.4	19.8
Podiatry	3.0	3.3	53.5	59.6
Gastroenterology	1.7	3.0	45.9	60.0
Dermatology	2.4	3.0	60.9	67.9
Neurological surgery	2.3	2.4	70.2	74.8
Otology, laryngology, rhinology	1.9	1.8	49.7	52.5
Plastic surgery	1.3	1.5	88.1	87.4
Other	8.4	8.5	—	—

SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Part B Carrier Statistical System.

services, some notable exceptions did not (Table 3). Ophthalmologists generated nearly one-half of their surgical charges in outpatient hospital settings and nearly one-twelfth from ambulatory surgical centers. Podiatrists and dermatologists generated the bulk of their surgical charges in office settings. Podiatrists also obtained a significant share of their surgical charges from home and nursing home settings.

Since 1980, general surgeons and urologists' shares of surgical charges have dropped sharply, as ophthalmologists' shares have increased (Table 2). As can be seen in Table 4 and Figure 4, the dominant physician specialties in 1985 varied by place of service:

- Inpatient hospitals: Three surgical specialties—general, orthopedic, and thoracic—accounted for more than one-half of all inpatient hospital surgical charges.
- Office: Ophthalmologists, dermatologists, and podiatrists accounted for more than one-half of all office surgical charges.
- Outpatient hospitals: Ophthalmologists alone accounted for more than one-half of all outpatient hospital surgical charges.

Comparisons from Table 3 show marked changes from 1980 to 1985 by physician specialty. Plastic surgeons, gastroenterologists, ophthalmologists, otologists, laryngologists, rhinologists, and internists shifted substantial shares of surgical care from

inpatient to ambulatory settings. Much smaller shifts to outpatient settings occurred in other surgical specialties—general, neurological, orthopedic, thoracic, and urological.

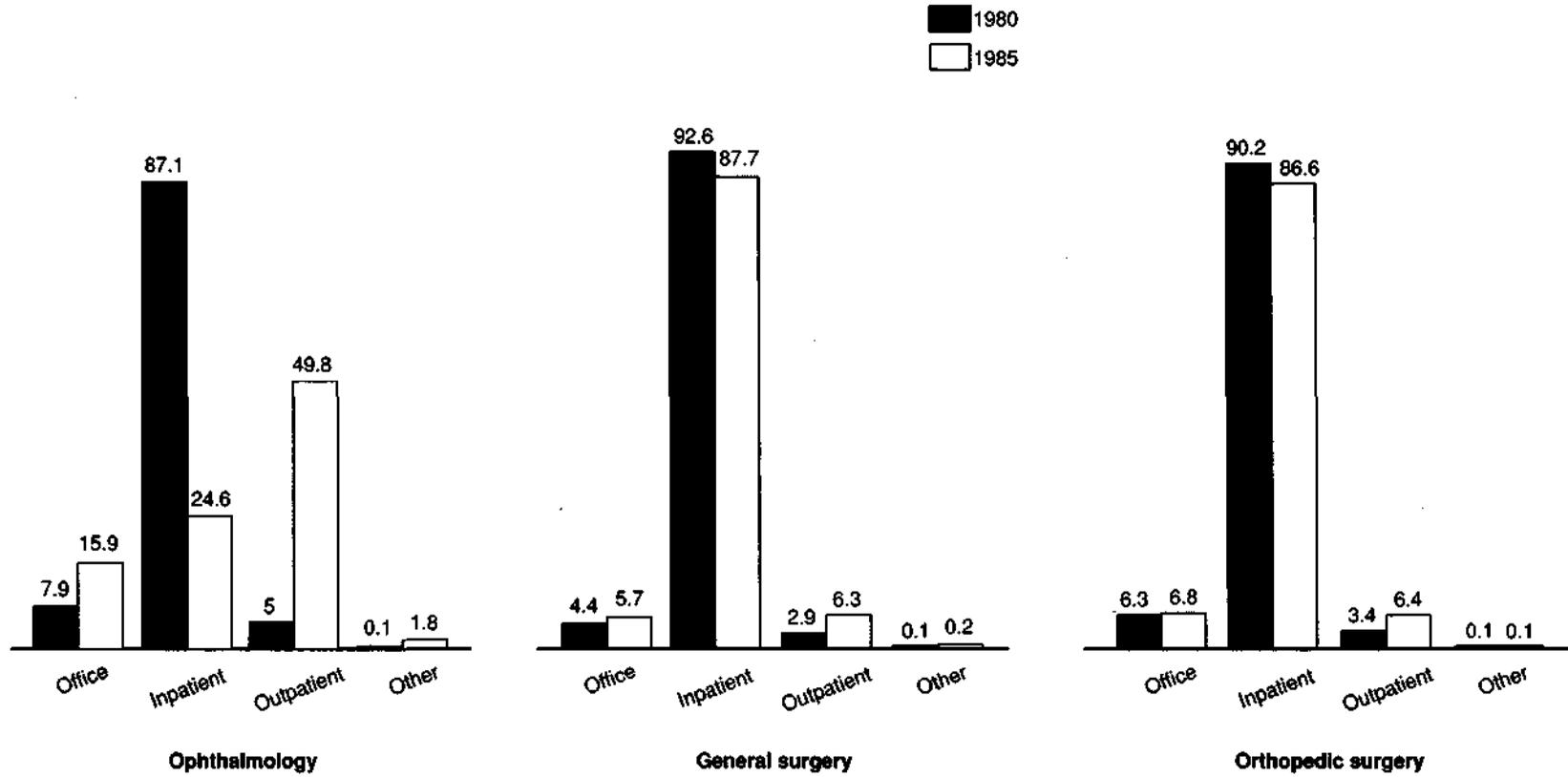
Data for 1980 in this article were derived from a 5-percent sample of Part B carrier bills (the "Physician Summary" record), which did not contain information on billings made under:

- Part A by hospitals for physician services (i.e., "combined billing").
- Part B by hospitals on behalf of physicians (i.e., on Form 1554). This billing procedure has since been terminated.

Neither type of excluded billings for 1980 contained any significant dollar amounts related to surgery. Thus, their exclusion does not affect the conclusions of this article. Data for 1985 were derived from the Part B Medicare Annual Data (BMAD) Procedure File.

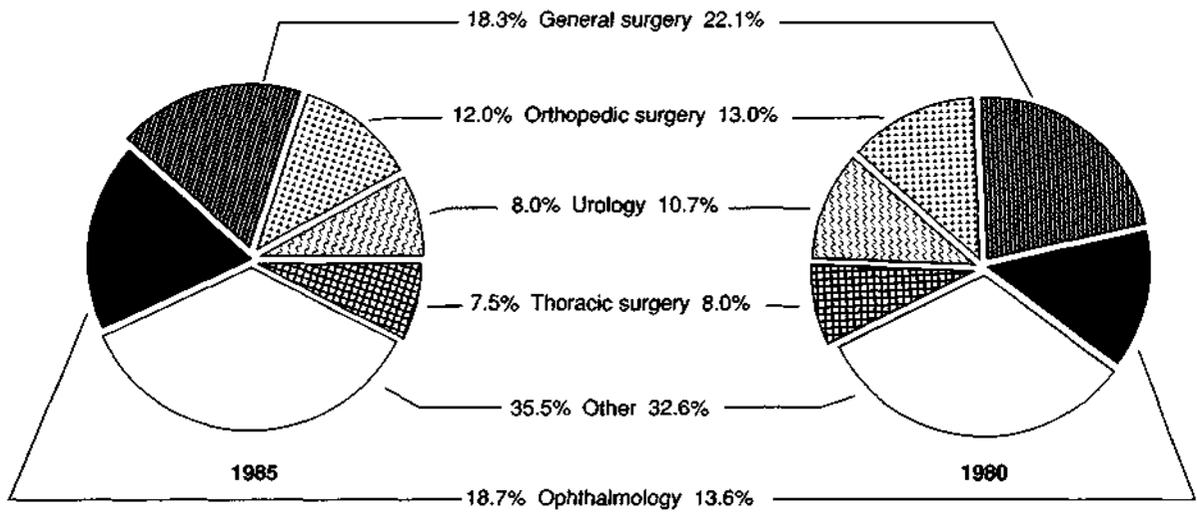
The BMAD Procedure File is an annually submitted, 100-percent sample of all procedures processed by Part B carriers, including billings formerly made under Part A of the Medicare program (i.e., "combined billings") and under Part B for these services of hospital-based physicians whose billings formerly were made by hospitals under the terminated Form 1554 procedure.

Figure 1
Distribution of physician surgical charges under Medicare for selected medical specialties, by place of service: 1980 and 1985



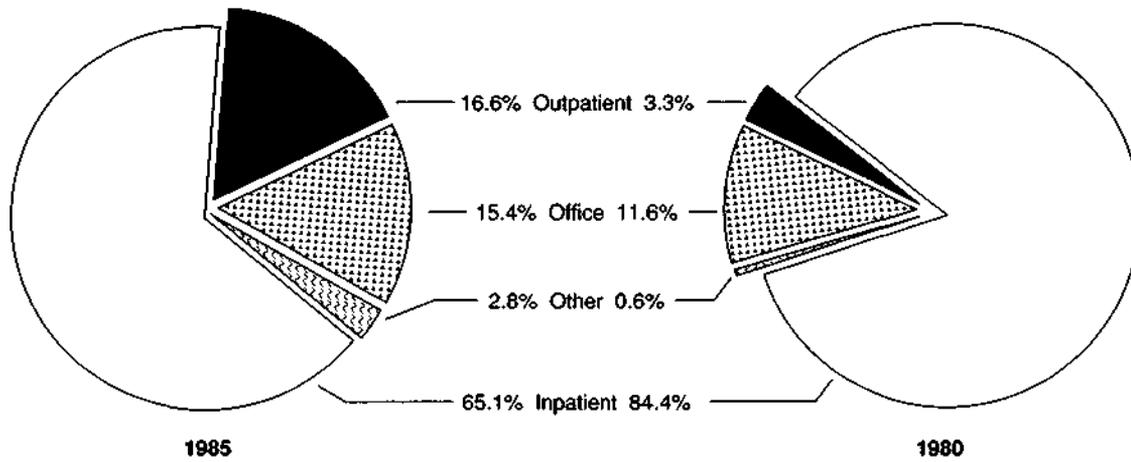
SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Part B Carrier Statistical System.

Figure 2
Distribution of physician surgical charges under Medicare, by medical specialty: 1980 and 1985



SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Part B Carrier Statistical System.

Figure 3
Distribution of physician surgical charges under Medicare, by place of service: 1980 and 1985



SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Part B Carrier Statistical System.

Table 3
Physician surgical charges under Medicare, by medical specialty and place of service: 1980 and 1985

Specialty	1980					1985					
	All settings	Office	Inpatient hospital	Outpatient hospital	Other ¹	All settings	Office	Inpatient hospital	Outpatient hospital	ASC ²	Other ¹
	Percent of surgical charges										
All physicians	100.0	11.6	84.4	3.3	.5	100.0	15.4	65.1	16.6	1.9	1.0
Ophthalmology	100.0	7.9	87.1	5.0	.1	100.0	15.9	24.6	49.8	8.0	1.8
General surgery	100.0	4.4	92.6	2.9	.1	100.0	5.7	87.7	6.3	.1	.2
Orthopedic surgery	100.0	6.3	90.2	3.4	.1	100.0	6.8	86.6	6.4	.1	.1
Urology	100.0	8.0	90.6	1.4	.1	100.0	11.1	83.5	5.2	.2	.1
Thoracic surgery	100.0	.8	98.7	.5	(³)	100.0	1.0	98.0	.9	(³)	.1
Clinic and other group practice	100.0	10.1	85.3	4.5	.1	100.0	13.4	70.7	14.5	.9	.4
Internal medicine	100.0	17.5	76.6	5.7	.2	100.0	23.8	59.4	16.3	.1	.4
Cardiovascular disease	100.0	1.7	97.9	.4	(³)	100.0	2.2	96.5	1.2	(³)	.2
Podiatry	100.0	71.3	13.5	.9	14.3	100.0	73.2	7.4	4.1	.8	14.5
Gastroenterology	100.0	12.0	75.6	12.3	.1	100.0	13.3	57.2	29.2	.1	.2
Neurological surgery	100.0	1.1	98.5	.5	(³)	100.0	1.2	97.0	1.7	(³)	.1
Dermatology	100.0	94.6	4.0	.9	.6	100.0	96.8	1.4	1.2	.1	.5
Otology, laryngology, rhinology	100.0	12.6	83.7	3.7	(³)	100.0	18.9	66.2	13.9	.6	.5
Plastic surgery	100.0	13.0	67.2	19.7	.1	100.0	18.4	52.2	27.1	.7	1.6
Obstetrics-gynecology	—	—	—	—	—	100.0	8.3	85.1	6.3	.2	.2

¹Includes homes, nursing homes, and other places of service.

²Ambulatory surgical center.

³Less than .05.

SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Part B Carrier Statistical System.

Table 4
Percent distribution of physician surgical charges under Medicare, by selected medical specialty and selected place of service: 1985

Place of service	Percent	Place of service	Percent
Inpatient hospital		Office—Continued	
General surgery	24.7	Orthopedic surgery	5.3
Orthopedic surgery	16.0	Urology	5.7
Thoracic surgery	11.3	Clinic and other group practice	3.9
Urology	10.3	General practice	3.4
Ophthalmology	7.1	Family practice	2.9
Cardiovascular disease	5.0	Outpatient hospital	
Clinic and other group practice	4.8	Ophthalmology	55.9
Internal medicine	3.9	General surgery	6.9
Neurological surgery	3.6	Gastroenterology	5.4
Gastroenterology	2.7	Orthopedic surgery	4.6
Office		Internal medicine	4.2
Ophthalmology	19.2	Clinic and other group practice	3.9
Dermatology	18.7	Urology	2.5
Podiatry	15.5	Plastic surgery	2.4
General surgery	6.8	Otology, Laryngology, Rhinology	1.5
Internal medicine	6.6	General practice	1.5

SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Part B Carrier Statistical System.

Figure 4
Distribution of physician surgical charges under Medicare for selected medical specialties, by selected place of service: 1985

