



## POLICY & PRACTICE

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### Tobacco Act Takes a Hit

A federal district court has struck down parts of the Family Smoking Prevention and Tobacco Control Act of 2009, saying that some of the landmark law violates tobacco makers' free speech rights. The U.S. District Court for the Western District of Kentucky ruled it unconstitutional for government to ban color and images in tobacco advertising. However, the court upheld provisions of the law requiring large, strongly worded warnings on tobacco packaging, prohibiting companies from making health claims about tobacco products without Food and Drug Administration review, and banning tobacco-branded events and merchandise, such as T-shirts. American Thoracic Society president Dr. J.R. Curtis said in a statement that the society is still "confident that the FDA will exercise its new authority to reduce tobacco use in the U.S. by stopping the efforts of big tobacco to market its dangerous products to minors, and by giving current smokers more motivation to stop smoking."

### FDA Names New Device Chief

The Food and Drug Administration has named a new permanent head of the Center for Devices and Radiological Health. Dr. Jeffrey Shuren, who has been acting director since early September, will now direct the center. He replaces Dr. Daniel Schultz, who resigned last year after critics claimed he was too cozy with medical device makers. In a statement, the head of the device industry trade group Advanced Medical Technology Association (AdvaMed) applauded Dr. Shuren's appointment and said that he has already

shown effective leadership skills. "His more than 10 years experience at FDA, in various high-level policy and planning positions within the commissioner's office, will serve him well as he takes control of an organization that oversees such a wide range of life-saving and life-enhancing products," said AdvaMed CEO Stephen J. Ubl. The Center for Devices and Radiological Health also unveiled its strategic plan for 2010, with four priority areas: effectively regulating products throughout their development and marketing, enhancing communication and transparency, strengthening the center's workforce and workplace, and spurring innovation and addressing unmet public health needs. The strategic plan is available at [www.fda.gov/medicaldevices](http://www.fda.gov/medicaldevices).

### Moritsugu Joins ADA Research Board

The American Diabetes Association has named Dr. Kenneth Moritsugu to the board of directors of its research foundation, which raises funds for diabetes research. Dr. Moritsugu is the chairman of the Johnson & Johnson Diabetes Institute and vice president for global strategic affairs of the Johnson & Johnson family of diabetes companies. Prior to his current corporate position, he served in the U.S. Public Health Service commissioned corps for 37 years, including a stint as acting surgeon general in 2002. Dr. Moritsugu has worked as a consultant on health professions and systems across the United States as well as in Kuwait, Saudi Arabia, Nigeria, Germany, and Mexico. He was diagnosed with latent type 1 diabetes in 2000 and is an advocate for diabetes prevention and health literacy.

### 'Extraordinary' Drug Price Hikes

The Government Accountability Office said that 416 brand-name pharmaceutical products had "extraordinary" price increases from 2000 to 2008. While this represents only 0.5% of all brand-name products, most of the increases ranged from 100% to 499%, the GAO said in a report released in early January (GAO-10-201). More than half of those products were in three therapeutic classes: central nervous system, anti-infective, and cardiovascular. One possible reason for the price inflation, said the agency: The drugs are bought from wholesalers, repackaged, and resold at higher prices to physicians or hospitals. But increases also were driven by a lack of generic or other therapeutic alternatives for various drugs, the GAO said. The Pharmaceutical Research and Manufacturers of America (PhRMA) industry group said that the report "focuses only on a small number of selected brand medicines rather than the entire prescription drug market." PhRMA Senior Vice President Ken Johnson commented that national data show a decline in retail drug spending in 2008.

### MedPAC Pushes for Pay Increases

Most Medicare beneficiaries are able to get timely appointments when they need one, according to an annual survey conducted by the Medicare Payment Advisory Commission. In fact, Medicare beneficiaries report better physician access than the privately insured population, according to the findings, which were based on a poll of 4,000 Medicare beneficiaries and 4,000 privately insured individuals ages 50-64 years. Of note, both groups reported that finding a new primary care physician was more difficult than finding a new specialist. In related news, MedPAC voted last month to request that Congress approve a 1% increase in the Medicare physician payment rate for 2011. In addition, the commission pushed for a budget-

neutral payment increase specifically for primary care services.

### Access to Specialists a Problem

The Agency for Healthcare Research and Quality reports that 1 in 13 American adults who needed to see a specialist in 2007 said that getting access was a "big problem." The data come from the Medical Expenditure Panel Survey. The agency said that respondents were not asked why they had access problems. But the survey report added that access problems can be due to a lack of health insurance, specialists' nonparticipation in a patient's health plan, and long waits for appointments. The survey found that 16% of adults without primary care physicians had problems accessing specialists, compared with 6% of those who had a usual source of primary care. Nonelderly uninsured adults had the most difficulty getting in to see a specialist, followed by nonelderly adults with public health coverage and those with private insurance. More data are available in the agency's report, "Variations in Perceived Need and Access to Specialty Care Among Adults in the U.S. Civilian Noninstitutionalized Population, 2007," available at [www.meps.ahrq.gov/mepsweb/data\\_files/publications/st274/stat274.pdf](http://www.meps.ahrq.gov/mepsweb/data_files/publications/st274/stat274.pdf).

—Joyce Frieden

## INDEX OF ADVERTISERS

<b>Amylin Pharmaceuticals, Inc.</b> Byetta	3-5
<b>Daiichi Sankyo, Inc.</b> Welchol	22a-22b
<b>Eli Lilly and Company</b> Humalog	8-10, 16-18
<b>Merck &amp; Co., Inc.</b> Janumet	10a-10b, 11
<b>Novo Nordisk Inc.</b> Levemir	27-28

# Health Spending to \$2.3 Trillion in 2008; Growth Rate Slows

BY MARY ELLEN SCHNEIDER

Health care spending in the United States grew less than 5% in 2008, the slowest rate of growth since the federal government officially began measuring it in 1960, according to a new report from the Centers for Medicare and Medicaid Services.

But the figures show that even though the rate of increase is slower than in previous years, health care spending is still outpacing the gross domestic product (GDP).

In 2008, health care spending rose 4.4% to \$2.3 trillion, compared with only a 2.8% increase in the GDP.

And health spending continues to consume a larger portion of the overall GDP, taking up 16.2% of GDP in 2008, compared with 15.9% in 2007 (Health Affairs 2010;29:147-55).

The overall slowdown in health spending growth is reflected in slower rates of increase in hospital spending, physician services spending, retail pre-

scription drug spending, and spending for nursing home and home health services.

For example, spending on physician and clinical services increased 5% in 2008, down from 5.8% in 2007. The deceleration in physician services was driven by a decrease in patient volume, even as the intensity of services picked up in 2008.

During a teleconference with reporters on Jan. 4, Rick Foster, CMS chief actuary, speculated that this trend could be attributed mainly to the recession.

As people lost jobs and health insurance in 2008, they may have opted to seek health care only when their conditions became more serious, and more costly to treat, he said.

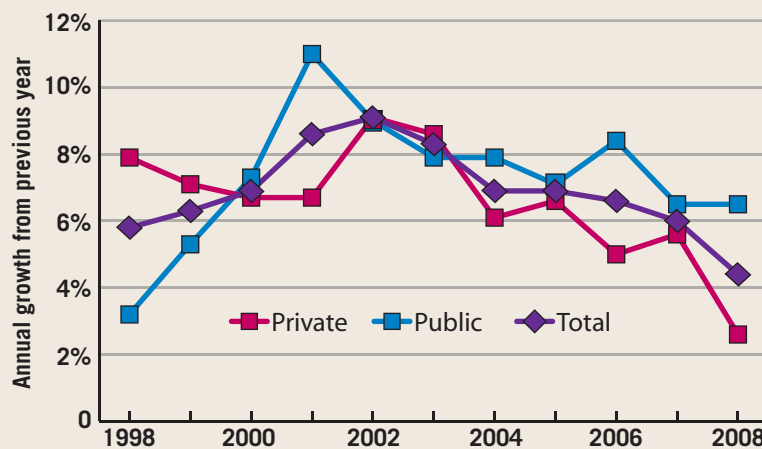
While spending rates slowed in many areas, the federal government's share of health spending soared in 2008. The share of federal dollars spent on health care rose from 28% in 2007 to nearly 36% in 2008, according to the CMS.

The increase is due in part to the American Recovery and Reinvestment Act of 2009, which retroactively shifted

\$7 billion in federal funds to Medicaid to assist budget-challenged states at the end of 2008. ■

## DATA WATCH

### U.S. Health Care Spending Growth Continues to Decelerate



Source: Centers for Medicare and Medicaid Services