Medicare Payment Creates Uncertainty for the Future

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Doubt and low morale are rampant in many primary care practices in light of the uncertainty surrounding Medicare physician payment rates this year.

While members of Congress averted a 10% cut in the Medicare physician fee schedule, replacing it instead with a 0.5% increase, that increase is mandated only until midyear. Congress must act again by July to keep an ever-deeper cut from going through.

The uncertainty is making it difficult for physicians to plan ahead even a year at a time, and is causing some to avoid taking on new Medicare patients.

Dr. Fred Ralston Jr., a general internist in Fayetteville, Tenn., and chair of the health and public policy committee of the American College of Physicians, rarely sees new patients in his established practice. However, given the recent lack of action to reform payments, he has decided to stop accepting new Medicare patients in his practice. Although his eight-physician primary care group won't drop any current patients, he said that taking on new Medicare patients, with their complex problems, amounts to "charity."

"The reimbursement for those with multiple problems is very limited compared to several less complex younger patients who could be seen in the same [amount of] time," Dr. Ralston said.

Other physicians made the decision not to take new Medicare patients years ago. Dr. Andrew Merritt, a family physician in Marcellus, N.Y., closed his practice to Medicare patients about 5 years ago because of the uncertainty of the payment situation. As a result, Medicare now makes up less than 20% of his practice, and the current payment situation hasn't had a large impact on his bottom line. But if payments were to worsen, he might be forced to consider other changes to his practice, such as limiting patients to presenting one problem at each appointment.

The fiscal situation makes rational long-term financial planning almost impossible, said Dr. Ralston. He estimates that in a practice in which almost two-thirds of the revenue goes to overhead, a 10% cut would mean about 30% off the bottom line.

For example, Dr. Ralston's practice purchased an electronic medical record system because they thought it would help them to provide better care to patients. But it was probably a foolish economic decision, he said, because they don't know whether they will have the revenue to pay for it.

"It continues the uncertainty of what the practice income will be," said Dr. Yul Ejnes, an internist in Cranston, R.I., and a member of the ACP Board of Regents. "We're all small businesses."

Practices can't do anything aggressive in terms of practice development and growth, he said. For example, it's difficult for a practice that needs to recruit new physicians to guarantee a competitive pay package when they can't estimate how much money will be coming in, he said.

It also affects the morale of physicians, especially those who care for the chronically ill elderly population, Dr. Ejnes said.

Dr. Robert Lebow, a solo internist and geriatrician in Southbridge, Mass., finds the Medicare payment situation to be demoralizing. Dr. Lebow, who still accepts new Medicare patients, said the flat payments are an added insult to the enormous paperwork burden and constant questioning of orders by payers.

He estimates that he spends an extra 1-2 hours a day completing paperwork for insurance companies. And he is concerned about what this will mean to the future of primary care. Even as some payments for cognitive services have increased slightly in recent years, many physicians feel that it's too little, too late, he said.

Dr. Lebow, who is 63 years old, worries that there will be no one to replace him when he retires. "There are very few young people in primary care," he said. ■

Wealthy, Insured Patients Get Free Drug Samples Over Poor, Uninsured

Poor and uninsured Americans are less likely than wealthy or insured Americans to receive free drug samples, according to a study by physicians from Cambridge Health Alliance and Harvard Medical School.

The study found that, in 2003, 12% of Americans received at least one free drug sample. More people who were continuously insured received a free sample than people who were uninsured for all or part of the year, and the poorest third were less likely to receive free samples than were those with incomes at 400% of the federal poverty level or more.

"We know that many doctors try to get free samples to needy patients," said study senior author Dr. David Himmelstein in a statement. "We found that such efforts do not counter society-wide factors that determine access to care and selectively direct free samples to the affluent. Our findings strongly suggest that free drug samples serve as a marketing tool, not as a safety net."

But Ken Johnson, senior vice president at the Pharmaceutical Research and Manufacturers of America, said in a statement that free samples help millions of Americans, regardless of income, and "offer an option for those who have difficulty affording their medicines."

The study was slated to appear in the February issue of the American Journal of Public Health.

—Jane Anderson

POLICY & PRACTICE

Low-Income Seniors Helped

The Centers for Medicare and Medicaid Services has proposed new rules that would allow more low-income Medicare beneficiaries to remain in their current prescription drug plan without having to pay a premium. Each year, CMS recalculates the amount of premium that will be paid by Medicare for low-income beneficiaries in each region, meaning that individual Part D plans might be fully covered by the subsidy in one year but not the next year. Until now, CMS has randomly reassigned some beneficiaries to another Part D plan if their current plan's premium would be higher than the subsidy amount. The new rules, proposed last month and slated to be finalized in time for the 2009 plan year, would allow some prescription plan sponsors to offer a reduced premium to some individuals eligible for the low-income subsidy. The proposal would apply in regions where there otherwise would be fewer than five prescription drug plan sponsors with a "zero-premium" plan option for low-income beneficiaries.

Coverage Improves Health

Uninsured adults 55-64 years old, particularly those with cardiovascular disease or diabetes, saw their health improve significantly once they became eligible for Medicare, a study from Harvard Medical School, Boston, reported. The study looked at more than 5,000 adults who were continuously insured and more than 2,200 who were uninsured persistently or intermittently in the decade before they became eligible for Medicare. The researchers found that, compared with previously insured adults, previously uninsured adults reported significantly improved health trends after age 65, both overall and for measures related to mobility, agility, and adverse cardiovascular outcomes. Depressive symptoms did not improve significantly in uninsured individuals with these other conditions once they became eligible for Medicare, but depressive symptoms did improve in previously uninsured adults without these other conditions once they became eligible for Medicare. By age 70, the differences in health status between the previously uninsured and those who had been insured continuously were reduced by about half. The study appeared in the Dec. 26 issue of JAMA.

Grant Funds Medical Home Study

The American College of Physicians has received a $225,000 grant from the Commonwealth Fund to study the cost of providing a patient-centered medical home. The grant, part of the Commonwealth Fund's Patient-Centered Primary Care Initiative, will help underwrite a 10-month study which began in November. ACP committed matching funds late in 2007, the organization said. "Understanding the economics of the patient-centered medical home is essential to the development of payment strategies that support the adoption and spread of the model," ACP Vice President, Dr. Michael Barr, who is directing the study, said in a statement.

Retiree Benefits Can be Cut

A new federal regulation will allow employers to provide more limited health care benefits for retirees who are eligible for Medicare. The rule, which the Equal Employment Opportunity Commission released in late December, responds to a court of appeals case in which the court held that health insurance benefits provided to Medicare-eligible retirees must cost the same as those provided to early retirees. Both labor unions and employers complained to the EEOC that compliance with the decision would force companies to reduce or eliminate current retiree health benefits. EEOC said that the new rule makes it clear that employers are allowed to coordinate retiree benefits with the Medicare program. "By this action, the EEOC seeks to preserve and protect employer-provided retiree health benefits, which are increasingly less available and less generous," said EEOC chair Naomi Earp in a statement. AARP sharply panned the new policy. "It is a wrong-headed move to legalize discrimination, allowing employers to back off their health care commitments based on nothing more than age," said AARP legislative policy director David Certner in a statement.

Expanded INR Monitor Coverage

CMS is considering expanding coverage for home prothrombin time (international normalized ratio) monitoring. Currently, monitoring is limited to patients with mechanical heart valves. The agency proposes to expand coverage of monitoring to those patients with chronic atrial fibrillation or deep-vein thrombosis who require chronic oral anticoagulation with warfarin, have been anticoagulated for at least 3 months, have undergone an educational program on anticoagulation management and demonstrated the correct use of the device, continue to correctly use the device, and use the device to self-test no more than once a week. CMS said it will gather feedback on its proposal, but did not provide a timetable for a final decision.

Judge Overturns Rx Info Law

A federal judge has overturned a Maine law that would have restricted medical data companies' access to physician prescribing information. In a decision that relied heavily on a previous ruling in New Hampshire, U.S. District Judge John Woodcock said that the law would prohibit "the transfer of truthful commercial information" and would violate the free speech guarantee of the First Amendment. The Maine law was challenged on constitutional grounds by IMS Health, Wolters Kluwer Health, and Verispan, all medical data companies that collect, analyse, and sell such data to pharmaceutical manufacturers. The companies also argued that the law bucks a national trend toward greater transparency in health care information.

—Jane Anderson