

Bush Proposes Medicare, Medicaid Cuts for 2009

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In the final budget proposal of his presidency, President Bush is proposing substantial cuts to hospitals, skilled nursing facilities, and graduate medical education.

Leaders in the Democratic-controlled Congress instantly declared the proposal dead on arrival.

Under the plan, the Bush administration has put forth legislative and administrative proposals that would cut \$12.8 billion from the Medicare program in fiscal year 2009 and about \$183 billion over the next 5 years, largely from hospital and other provider payments. The idea is to slow down the growth rate of the program from 7.2% to 5% over 5 years. But critics say the cuts would harm hospitals that care for low-income patients and train physicians.

The FY 2009 budget proposal calls for freezing payments to inpatient hospitals, long-term care hospitals, skilled nursing facilities, hospices, outpatient hospitals, and ambulance services from 2009 through 2011. Payments would then drop 0.65% annually under the proposal.

The proposal also outlines a payment freeze for inpatient rehabilitation facilities and ambulatory surgical centers in 2010 and 2011, followed by annual cuts. And home health agencies would also see a 0% update from 2009 through 2013 followed by annual payment cuts.

The proposal would reduce indirect medical education add-on payments from 5.5% to 2.2% over the next 3 years, and would eliminate the duplicate hospital indirect medical education payment for Medicare Advantage beneficiaries.

Hospitals would also face additional cuts under the plan. For example, the proposed budget would reduce hospital capital payments by 5% in 2009, and hospital disproportionate share payments would drop 30% over the next 2 years.

The FY 2009 budget plan also includes proposed legislative and administrative changes aimed at cutting nearly \$18 billion from Medicaid over the next 5 years.

The administration's budget would reauthorize the State Children's Health Insurance Program (SCHIP) through 2013. The plan calls for a \$19.7 billion increase to the program over 5 years, including \$450 million in outreach grants to states and other organizations to help enroll uninsured children in the program.

One area that the administration's budget proposal does not address is the 10.6% physician pay cut scheduled to take place this July. The administration's budget "falls short" by not including a proposal to fix the Medicare physician payment formula, the American College of Cardiology said in a statement.

"Physicians are willing to do their part, but quality cannot be achieved under a zero-sum scenario," according to the statement. "Continued deep payment cuts make it impossible for physicians to continue to invest in a health care infrastruc-

ture that facilitates data collection and quality improvement while ensuring that patients have access to high quality care."

In total, the administration is requesting \$711.2 billion for the Centers for Medicare and Medicaid Services to cover mandatory and discretionary outlays for the Medicare, Medicaid, and SCHIP programs. The request is a \$32.7 billion increase over the FY 2008 funding level.

Federal research agencies are also facing funding cuts or freezes under the FY 2009 budget proposal.

The administration is proposing no increase for the National Institutes of Health, keeping the agency's budget at approximately \$29.5 billion. Health advocates say the failure to expand NIH funding will hurt research efforts in several critical areas.

For example, the National Institute of Diabetes and Digestive and Kidney Diseases would receive an increase under the administration's proposal, but the \$2.6 million bump amounts to a 0.15% increase over FY 2008. The American Diabetes Association is urging Congress to disregard the president's proposal and provide \$112.5 million in additional funding, a 6.6% increase.

"We cannot afford not to invest in diabetes research, treatment, and prevention—the consequences for our health care system and our society will be too severe," Dr. John B. Buse, president of medicine and science for the American Diabetes Association, said in a statement. "The American Diabetes Association calls on Congress to align their priorities and provide funds to remedy this growing health crisis."

The administration's budget proposal also calls for \$8.8 billion in funding for the Centers for Disease Control and Prevention, a \$412 million drop from FY 2008. The Agency for Healthcare Research and Quality would also face a cut under the proposal. The president is calling for \$326 million in funding for the agency, a \$9 million decrease from FY 2008.

The Food and Drug Administration would receive a \$130 million increase over FY 2008, bringing the total funding to 2.4 billion in FY 2009. The FDA budget proposal includes increases in the human drugs and devices programs at FDA.

Under the plan, the human drugs program would receive \$984 million in FY 2009, an increase of \$68 million. The increase includes estimated user fees coming into the agency. The increases are slated to fund improvements in drug safety and regulation of biologic therapies. The budget includes a funding commitment of \$389.5 million for drug safety, an increase of \$36 million in FY 2008. In addition, the budget includes a proposal to grant the FDA new authority to approve follow-on biologic proteins through a new regulatory pathway.

Under the administration's budget request, the medical devices program at FDA would receive \$291 million, an increase of \$7 million. ■

POLICY & PRACTICE

NIMH Budget Woes

The National Institute of Mental Health's budget took a severe hit in fiscal year fiscal 2008 and is slated for another in fiscal 2009. In FY07, the agency received a total of about \$1.4 billion. For the following year, which began in October 2007, Congress appropriated about \$25 million more, but a required across-the-board cut brought the total budget to \$1.405 billion—a hair above the previous year's budget. In late January, the White House proposed to essentially keep funding level, at \$1.406 billion. This amount is "far below the increase needed to keep pace with medical research inflation," the National Alliance on Mental Illness noted in a statement.

Mo. Psychologists Eye Prescribing

Legislators in the Missouri House and Senate have introduced bills (H.B. 1739 and S.B. 917) that would create a special designation allowing psychologists to prescribe medication, including Schedule II stimulants and Schedule IV drugs such as benzodiazepines and mood stabilizers, according to the American Psychiatric Association. Psychologists seeking a "prescribing license" would have to complete 400 hours of didactic instruction, complete a 1-year fellowship, and pass the American Psychological Association's national exam. The American Psychiatric Association and three Missouri psychiatric societies have written to every Missouri Senate member stating their opposition to the proposals.

Heart-Brain Link Overlooked

African Americans are not likely to be aware that good cardiac health is linked to good brain health, according to a survey conducted by the Alzheimer's Association and the American Heart Association. Sixty-one percent of survey respondents reported that they were concerned about developing heart disease and 40% said they were concerned about Alzheimer's, but only 6% knew there was a link between cardiovascular disease and dementia. African Americans are at greater risk for diabetes, high blood pressure, and vascular dementia than are other races. Although half of those surveyed knew of their increased cardiovascular risk, only 8% were aware that they were also at increased risk for dementias including Alzheimer's disease. Fewer than 1 in 10 were aware that heart disease, hypertension, diabetes, and hypercholesterolemia were all linked to Alzheimer's. The survey was conducted online in January 2008 with a random sample of 1,210 African Americans and 1,004 adults of other races. The sampling error was plus or minus 3.5%.

Ecstasy Use Continues to Rise

Use of 3,4-methylenedioxymethamphetamine (ecstasy) rose from 2005 to 2006 and would likely continue to increase in 2007, according to the National Survey on Drug Use and Health, conducted by the Substance Abuse and

Mental Health Services Administration. About 12 million Americans aged 12 years or older admitted to at least once-in-a-lifetime use of ecstasy in 2005, and 2 million admitted to use in the past year. Twenty-three million had used LSD once, and 6.6 million had used phencyclidine hydrochloride (PCP) once during their lifetime. Use of hallucinogens tended to split along age lines. People aged 18-25 years were more likely to have used LSD, PCP, and ecstasy in the past year than were those aged 26 years or older, or those aged 12-17 years. New hallucinogens such as *Salvia divinorum* also are emerging, according to SAMHSA. *Salvia* is a member of the sage family. It grows in Oaxaca, Mexico, but is sold over the Internet. The survey found that 1.8 million people had used *Salvia* in their lifetime—750,000 in the past year.

Medication Errors Hit 1 in 10

A review of 4,200 charts at six community hospitals in Massachusetts found that 1 in 10 patients admitted to the facilities had suffered a preventable medication injury. Dr. David Bates of Brigham and Women's Hospital, Boston, reviewed the charts and PricewaterhouseCoopers conducted the financial analysis. The study was conducted for the Massachusetts Technology Collaborative and the New England Healthcare Institute, both of which advocate for adoption of computerized physician order entry systems at hospitals. The review found a variety of medication-related errors, including inappropriate use of expensive drugs. About 9% of patients with compromised kidney function received drugs they should not have. The organizations said that by using computer entry, the six hospitals could have saved an average of \$154,000 by reducing inappropriate use of expensive drugs, and \$47,000 if the system prompted use of oral medications instead of more expensive intravenous formulations. A system costs \$2 million to purchase and \$435,000 annually to operate, but the investment could be recouped in 26 months, said the organizations.

Top 10 Cost Half a Trillion

The nation's 10 most expensive medical conditions cost about \$500 billion to treat in 2005, according to the Agency for Healthcare Research and Quality. Heart disease topped the list at \$76 billion, with trauma second at \$72 billion, and cancer third at \$70 billion. Mental illness, including depression, cost \$56 billion, and asthma and chronic obstructive pulmonary disease cost \$54 billion. Hypertension cost \$42 billion to treat, type 2 diabetes cost \$34 billion, and osteoarthritis/joint diseases also cost \$34 billion. Back problems and normal childbirth rounded out the list at \$32 billion each. The agency counted money spent on office visits, clinic and emergency department use, hospital stays, home health care, and prescription medicines.

—Alicia Ault