

CMS Sets 2009 Fees

Medicare from page 1

H.R. 6331 (the Medicare Improvements for Patients and Providers Act) passed the House by an overwhelming margin in late June but failed to get enough votes in the Senate for cloture, which would have closed debate and allowed for an up-or-down vote. Following the July 4 recess and a week of intense lobbying by physician and patient groups, the Senate reconsidered the bill on July 9.

At that time, a number of Republican senators changed their votes to help pass the bill. The Democrats also racked up an extra vote when, in a dramatic turn, Sen. Edward M. Kennedy (D-Mass.) returned to the Senate for the first time since having undergone surgery for a brain tumor in order to help pass the bill. In the final tally, the bill passed 69-30. Days later, President Bush vetoed the bill, but the House and Senate quickly overrode the veto.

The new law, which will give physicians a little more predictability in estimating their Medicare income, was widely praised by physician and patient groups.

Neurologist Dr. Jones said Congress must enact a long-term solution to the issue of physician payments under Medicare that will give doctors some predictability and regular pay increases that reflect the actual cost of running a medical practice. "We're barely making it as it is," she said.

Physicians groups have long objected to the Sustainable Growth Rate formula used to calculate physician pay-

ments under Medicare. The formula links physician pay to the gross domestic product and critics say it does not take into account the actual costs of medical practice.

A permanent fix should take into consideration the effort required to care for a patient, in the same way that hospitals receive higher payments for caring for sicker patients, he said. While physicians applaud the efforts of lawmakers to secure a 1.1% increase in payment for 2009, this comes as hospitals are projected to receive a 3% increase in payments from Medicare in 2009.

Congress finances the pay increases for physicians in part through controversial cuts to Medicare Advantage plans. Officials at America's Health Insurance Plans, which represents the health insurance industry, estimated that the bill will cut nearly \$14 billion from the Medicare Advantage plans over the next 5 years. The inclusion of these cuts in the bill slowed its passage in the Senate and caused President Bush to veto the legislation.

In addition to the physician pay provisions, the legislation also includes increased patient benefits, most notably a phase-out of higher copayments for psychiatric services under Medicare. It also authorizes coverage by Medicare of new preventive services recommended by the U.S. Preventive Services Task Force.

The bill also encourages physicians and other providers to use electronic prescribing by providing incentives to those who e-prescribe and imposing penalties on those who do not. The bill calls for providing a bonus of 2% to physicians who use e-prescribing in 2009 and 2010, a bonus of 1% in 2011 and 2012, and a bonus of 0.5% in 2013.

Physicians who don't e-prescribe will be paid 1% less starting in 2012 with that amount increasing to 2% by 2014.

The bill would delay the first round of Medicare's new competitive acquisition program until 2009. Critics of the program, which began on July 1, have said that it makes it too difficult for vulnerable seniors to get supplies, including diabetes testing supplies. The bill also establishes an ombudsman for the program, who would be responsible for responding to complaints and inquiries from suppliers and individuals.

Just days before the passage of H.R. 6331, officials at the Centers for Medicare and Medicaid Services released the 2009 Medicare Physician Fee Schedule proposed rule including new measures for the PQRI, new requirements for physicians offering diagnostic testing services, and plans to reevaluate services and supplies potentially valued incorrectly.

For PQRI the agency is recommending 56 new measures for 2009, bringing the total number to 175. Officials at the Centers for Medicare and Medicaid Services also are proposing new "measures groups" that allow physicians to report on subsets of measures related to a particular clinical condition. For example, new measures groups for 2009 include coronary artery disease, coronary artery bypass surgery, HIV/AIDS, rheumatoid arthritis, care during surgery, and back pain. ■

The proposed rule was published in the Federal Register on July 7 and can be found at www.cms.hhs.gov/center/physician.asp

Obama Health Plan Would Leave Employer System Intact

BY MARY ELLEN SCHNEIDER
New York Bureau

With Sen. Barack Obama (D-Ill.) set to become the Democrat's presidential nominee, experts are scrutinizing his health care reform plans.

The centerpiece of Sen. Obama's plan is a public-private system that would allow people to remain in their employer-sponsored health plans while offering the uninsured the chance to purchase either a private or government-sponsored plan.

For the government-sponsored plan, the proposal uses as a model the Federal Employees Health Benefits Program—the system available to federal employees and to Congress. For those who want to purchase insurance on the private market, Sen. Obama proposes a National Health Insurance Exchange. All plans offered through the exchange would be required to offer at least the same coverage as the government-sponsored plan and adhere to the same quality and efficiency standards.

Under the Obama plan, employers that do not offer or contribute to employee health coverage must pay a percentage of their payroll toward the cost of the government health plan. There would be an exemption for some small employers.

The proposal also calls for expanding eligibility for Medicaid and the State Children's Health Insurance Program. The government would offer subsidies to individuals who do not qualify for Medicaid or SCHIP but still needed financial assistance to purchase health insurance.

Sen. Obama also would guarantee that no American could be turned down for health insurance because of illness or a preexisting condition. However, his proposal stops short of requiring all Ameri-

cans to purchase coverage. Instead, the plan mandates coverage for children only.

The other half of Sen. Obama's plan is aimed at reducing premiums and decreasing overall health system costs. Under his plan, the federal government would reimburse employer-sponsored health plans for a portion of the cost of catastrophic health events above a certain threshold. In exchange, the plans would have to use the savings to reduce the cost of premiums.

Cost control also is addressed in the Obama plan, with electronic health records playing a big role. The candidate proposes to spend \$10 billion a year for the next 5 years in an effort to encourage widespread adoption of EHRs. The idea is that the investment would reap savings through increased efficiencies since paper records are more costly to store and process than are electronic ones, according to the Obama campaign. The plan also seeks to control costs through greater regulation of insurance companies and by allowing the federal government to negotiate drug prices.

The Obama campaign estimates that the reforms they are proposing would save the average family about \$2,500 a year in medical expenses.

But the plan continues to face critics. Grace-Marie Turner, president of the Galen Institute, an organization that favors free-market approaches to health care, said she is concerned that the government-sponsored program would be underpriced and crowd out the private insurance options the same way that Medicare has crowded out private insurance in the over-65 market. "That is not a level playing field," said Ms. Turner, who also is an adviser to the presidential



Sen. Obama estimates his plan would save the average family \$2,500 per year.

campaign of Sen. John McCain (R-Ariz.).

Ms. Turner also criticized Sen. Obama's plan to have the federal government take on a portion of the costs of catastrophic health costs in employer-sponsored health plans. This type of approach would require the government to be heavily involved in auditing health care expenditures, she said.

On the left, Dr. Don McCanne, senior health policy fellow with Physicians for a National Health Program, said the plan "falls far, far, short" for continuing to use the private health insurance industry. His organization favors the elimination of private plans.

The concern with providing a government-sponsored plan in competition with private plans is that it would be subjected to adverse selection and the premiums would become unaffordable, Dr. McCanne said. The only way around that would be to provide additional funding through taxes or to have some method of risk pool transfer, in which the private plans with healthier beneficiaries would

shift funds to pay for higher risk individuals. But Dr. Jack Lewin, CEO of the American College of Cardiology, said that maintaining the private system is politically smart.

One of the drawbacks of Sen. McCain's plan is that it has the potential to destabilize the existing employer-based coverage system, he said. While it might be a good idea to move away from that system, that should be a gradual process, he said.

Dr. Lewin also praised the Obama plan for starting with coverage for children. However, after the mandate for universal coverage of children, the plan's details are somewhat murky, he said. For example, Sen. Obama's plan commits to improving quality and efficiency in the system but doesn't define how it would be done, he said.

Sen. Obama also has been vague about subsidies, requirements on businesses, and the interaction of the public and private plans, said Len Nichols, director of the health policy program at the New America Foundation, a non-partisan public policy institute.

In any case, Sen. Obama's plan is likely to get a warm reception in Congress next year, Mr. Nichols predicted. The debate over SCHIP has started the conversation about the need for universal coverage and at the same time a majority of Americans are worried about the affordability of health insurance, he said. ■

Election
2008

INDEX OF ADVERTISERS

Bristol-Myers Squibb/Sanofi Pharmaceuticals Partnership Plavix	12-14
Eli Lilly and Company Cymbalta	7-10
Forest Laboratories, Inc. Namenda	23-24
Ortho-McNeil Neurologics, Inc. Podcast: SPOTLIGHT	17
Pfizer Inc. Aricept	3-4