

Need for 'Fair' Pay Stressed

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Further cuts would really push us against the wall," said Dr. Flood, chair of the American College of Rheumatology's Government Affairs Committee, and a practicing rheumatologist in Columbus, Ohio.

"The population is getting older. Rheumatologic conditions are increasing in that older population. We're looking at a real crisis ahead unless something responsible is done to pay physicians fairly. That's all we're really asking for, fair compensation for amount of work we provide to patients," stressed Dr. Flood.

The rising cost of health care is one of the biggest problems facing the government. At the current rate of growth, federal spending on Medicare and Medicaid will eventually consume 20% of the U.S. economy, according to Peter Orszag, Ph.D., director of the Congressional Budget Office.

Early in 2006, lawmakers asked the Medicare Physician Advisory Commission (MedPAC) to examine ways to shift those incentives. Their findings were presented to the committee a few days before MedPAC members presented the commission's annual report to Congress.

While the report represents the consensus of the commission, commissioners were unable to forge a consensus on what should be done to replace the Sustainable Growth Rate (SGR) system, MedPAC Chairman Glenn Hackbarth testified.

Instead, the commission offered lawmakers two alternative approaches—one that doesn't include an SGR-like spending target and one that does.

Eliminating spending targets altogether would require Congress to create a whole new system with incentives to physicians

to provide high-quality and low-cost care, Mr. Hackbarth said. Choosing to keep spending targets would simplify payment reform but still would require changes to make the system more equitable.

In cooperation with several other physician groups, the AMA brought to the hearing a list of recommendations to achieve those goals.

No matter whose plan is embraced, fixing the SGR system is unlikely to come cheap. The CBO has estimated that current proposals will cost anywhere between \$22 billion and \$330 billion over 10 years.

"There are lots of steps, including [health information technology] and comparative effectiveness, that offer at least the potential to bend that curve over the long term, but the cost savings may not show up in the next 10 years. That is just the way it is," testified Dr. Orszag, adding that it will take time and resources to build a system in which Medicare pays for high-value instead of high-cost services.

Mr. Hackbarth said: "We've got some very promising demonstrations under way, but it takes us forever to get them developed, in place, gather results, and translate them into policy," he testified. The agency doesn't have the staff or information systems to move forward expeditiously. "We're trying to run [Medicare] on the cheap. That won't work if we are trying to innovate at the same time," he said.

"We have seen a lot of talk, but we hope to see relief here in the future. We deserve it and our patients deserve it.

"None of us want to have to stop taking new Medicare patients or stop taking care of the patients that we are taking care of," said Dr. Flood. ■

POLICY & PRACTICE

Arthritis Legislation Reintroduced

Advocates are applauding the reintroduction of the "Arthritis Prevention, Control, and Cure Act of 2007" (S. 626 and H.R. 1283), which would expand investments in prevention, diagnosis, and treatment research. The bill was introduced in the last Congress but remained stalled in committee. Sponsored by Sen. Edward Kennedy (D-Mass.) and Rep. Anna Eshoo (D-Calif.), the proposed legislation would increase research and surveillance activities related to juvenile arthritis, and would address the shortage of pediatric rheumatologists by increasing training grants and establishing a loan repayment program. The bill's scope reflects new statistics from the Centers for Disease Control and Prevention, according to Dave Zook, interim chief public policy officer at the Arthritis Foundation. The CDC estimates that arthritis and other rheumatic conditions cost the U.S. economy approximately \$128 billion in 2003.

CMS Extends Form Deadline

The Centers for Medicare and Medicaid Services has extended the deadline for filing Medicare claims using its new version of claims form CMS-1500, because of formatting errors on the revised form, CMS announced. The original deadline for switching to the new form—known as CMS-1500 (08/05)—originally was April 2. But CMS said last month that contractors have been directed to continue to accept the old form until the agency notifies them to stop. Additionally, the agency advised physicians who must use the form to use legacy provider numbers, as the form cannot accommodate a National Provider Identifier (NPI) number.

New Imaging-Cut Moratorium

Several members of Congress introduced legislation last month to place a 2-year moratorium on cuts to Medicare payments for medical imaging that went into effect this year. The bill also requires a Government Accountability Office study of patient access to imaging. The bill (H.R. 1293) was introduced by Reps. Carolyn McCarthy (D-N.Y.), Gene Green (D-Tex.), and Joseph Pitts (R-Penn.), and had 49 cosponsors at press time. Rep. Pitts sponsored similar legislation in the last Congress; the cuts were mandated as part of the Deficit Reduction Act of 2005. A Senate companion bill is expected soon. Under the DRA, payments for the technical component of an imaging service are to be set at the hospital outpatient-department rate, if the payment under the Medicare physician fee schedule is higher. The Access to Medical Imaging Coalition said that a new report by the Moran Co. shows that the DRA mandate means physicians face reimbursement that's 18%-19% below that for outpatient departments. "The fact is, the DRA has decimated the imaging payments received by cardiologists, radi-

ologists, and other providers," said Tim Trysla, executive director of the coalition.

Damage Award in Vioxx Case

Merck & Co. was assessed \$47.5 million in compensatory and punitive damages in the latest Vioxx-related court case. A New Jersey jury sided with the plaintiff and determined that Merck had failed to give an adequate warning to physicians about the increased risk of heart attacks from Vioxx prior to September 2001. The plaintiff, Frederick Humeston, alleged that he suffered a heart attack in 2001 as a result of using Vioxx. Merck plans to appeal the verdict. "We believe that the punitive damages assessed today by the jury are uncalled for because Merck acted appropriately in providing information to the medical, scientific, and regulatory communities in a responsible and appropriate manner," Kenneth C. Frazier, Merck senior vice president and general counsel, said in a statement. Mr. Humeston originally lost his case against Merck; the setting aside of that verdict last year precipitated this latest court battle.

Bill Targets Psoriatic Arthritis

New legislation introduced in the U.S. House aims to expand research into psoriatic arthritis and psoriasis. The legislation (H.R. 1188), "The Psoriasis and Psoriatic Arthritis Research, Cure, and Care Act of 2007," would widen the scope of research performed by the National Institutes of Health. The bill calls for establishing a national psoriatic arthritis and psoriasis patient registry under CDC direction. If passed, the legislation would also create a federal summit to discuss research opportunities in psoriasis and psoriatic arthritis and direct the Institute of Medicine to issue a report evaluating insurance coverage for psoriasis treatments. "This is the first time psoriasis will be recognized through legislation," Sheila Rittenberg, director of advocacy for the National Psoriasis Foundation, said in a statement. "Psoriasis research is lagging and treatment options are improving but still often do not meet patients' needs. This bill lays out a plan which will pave the way to a cure."

FDA to Study DTC Risk Data

Saying that it has become more concerned about how much risk information is disclosed to consumers in print ads, and that the information is not usually in a consumer-friendly format, the Food and Drug Administration announced that it will study how to better present those data. One study will look at whether giving consumers more context—instead of a list of risks, for instance—will aid their understanding of a product's potential downside. Another will look at the usefulness of several different formats for presenting the data. FDA is accepting comments on the proposed testing until mid-April.

—Mary Ellen Schneider

MedPAC Offers Two Paths to Better Care

In testimony to the health subcommittee of the House Ways and Means Committee, Mr. Hackbarth explained that the MedPAC commissioners struggled with their task of choosing an alternative to the current sustainable growth rate (SGR) system. He reported that there were many tough debates, and that commissioners couldn't agree on just one solution. So instead they offered two proposals—ones they've deemed "Path 1" and "Path 2."

Path 1 calls for repealing SGR and eliminating the system of expenditures targets. The MedPAC report suggests that Congress implement new ways to improve incentives for physicians and other providers to offer quality care to their patients at lower costs. This could be done in the following ways:

- ▶ Giving the Centers for Medicaid and Medicare Services the authority to pay providers differently based on performance measures.
- ▶ Ensuring accurate prices by identifying and correcting mispriced services.
- ▶ Encouraging coordination of care and use of care management, especially for patients with chronic conditions.

Path 1 also calls for collecting information on physicians' practice styles

and sharing the results with other physicians. If physicians could see how they use resources, compared with their peers, they would revise their practice styles accordingly, according to MedPAC's report.

The commission proposes that Medicare could then use the results to adjust payments to physicians and base rewards on both quality and efficiency.

Path 2 calls for pursuing the approaches in Path 1 but also including a new system of expenditure targets. The MedPAC report states that expenditure targets are necessary because they put "financial pressure on providers to change." It also recommends that targets should be applied on a geographic basis—applying the most pressure to the parts of the country where there is the highest use of the particular service and the highest contribution to Medicare spending.

Path 2, however, does go on to propose that expenditure targets should not fall solely on physicians but rather be applied to all providers in an effort to encourage different providers to work together at keeping costs as low as possible.

—Glenda Fautleroy