POLICY & PRACTICE

New Certification for Diabetes Care

The American Diabetes Association and the Joint Commission on Certification of Healthcare Organizations are developing what they say is the first nationwide certification for inpatient diabetes care. To attain the certification, organizations will need to participate in an on-site review to assess compliance with national standards and adherence to guidelines for diabetes management. The review also will look at the organization's performance measurement and improvement programs, quality of physicians and other clinicians, patient self-management programs, leadership support, and the information technology that are being used to monitor patient care. "The collaboration between the ADA and the Joint Commission will help standardize the care provided for all diabetic patients in all inpatient departments in a hospital," Jean Range, executive director for disease-specific care certification at the commission, said in a statement. "Through systematic monitoring of all diabetic patients, outcomes can be improved. This will lead to a better quality of life for diabetic patients and position certified organizations for success in pay-for-performance programs." The commission plans to convene an expert panel that will develop performance measures for inpatient diabetes care.

Iacocca Funds Diabetes Cure Search

The Iacocca Foundation, a project of former Chrysler CEO Lee Iacocca, is giving $12 million to research projects aimed at finding a cure for diabetes. Two projects to be funded by the grants are clinical trials by Dr. David Nathan and his colleagues at Massachusetts General Hospital, Boston, and by Dr. Jerry Nadler at the University of Virginia, Charlottesville; both trials attempt to stop the autoimmune reaction that takes place in type 1 diabetes. Another project included in the funding, this one at the Harvard School of Public Health in Boston, looks at the link between childhood obesity and the development of type 2 diabetes. "These projects hold tremendous promise in the quest to find a cure for this terrible disease," Mr. Iacocca said in a statement. "Medical research is costly, and providing the funding necessary to keep these and other diabetes research projects moving forward is and always will be our mission." The foundation was established in 1984 in honor of Mr. Iacocca's late wife, Mary, who died of complications of type 1 diabetes. It has given more than $23 million to diabetes research.

Regulating Nanotechnology

The Food and Drug Administration has launched an internal nanotechnology task force aimed at figuring out new regulatory approaches for pharmaceutical products and devices that use nanotechnology materials. Nanotechnology materials are about 1-100 nm and often have different chemical and physical properties than larger materials do, such as altered magnetic properties and increased chemical and biologic activity, according to the FDA.

The agency will kick off its efforts with a public meeting scheduled for October 10 and will report its initial findings to the acting FDA commissioner within 9 months.

Fix SGR, Delay Imaging Cuts

Several members of Congress attempted to head off the CMS's proposals just before the August congressional recess. A bill (H.R. 5866) by Rep. Michael Burgess (R-Tex.) would put an end to physician fee cuts under Medicare by halting application of the sustainable growth rate by Jan. 1, 2007. Each year, the SGR has contributed to a decrease in payments; in 2007, that cut will be 5.1% (see p. 6). Rep. Burgess is proposing to tie physician fees to one factor only: the Medicare Economic Index minus 1%. According to Rep. Burgess, this places "more value on actual cost inputs." Mike Hogan, the Washington representative for the Society of Thoracic Surgeons, said he believes there is a congressional consensus for a permanent physician payment fix, but added, "at the end of the day with the elections looming, I think there's a lot of possibility for things to go wrong." Rep. Burgess' bill also would delay by 1 year proposed imaging payment cuts, and require the Institute of Medicine to study whether imaging saves money.

The American Medical Association called the Medicare Physician Payment Reform Bill and Quality Improvement Act of 2006 an "important step toward replacing the flawed Medicare physician payment formula." Rep. Burgess' bill is the third in the House to seek to delay or repeal the imaging fee cuts. Rep. Joseph Pitts (R-Pa.) has called for a 2-year delay in H.R. 5704. A similar bill was recently introduced in the Senate by Gordon Smith (R-Ore.) and Jay Rockefeller (D-W.Va.).

Unique IDs for Medical Devices?

The FDA is seeking comments on how to create unique identifiers for medical devices and whether such a system might reduce errors or help improve adverse event reporting and make withdrawals easier. The agency has held several meetings with interested parties, but still has not proposed any requirements—even though in a final rule in 2004 it said it will require all pharmaceuticals to include identifying bar codes. According to an FDA statement, any input the agency receives during the 90-day comment period, which ends in early November, will help "determine what next steps the agency should take" on devices. An identifier might include the manufacturer, make and model, size and length, software version, lot number, and expiration date.

—Joyce Frieden

Endocrinology Will Be Hit Hard

Medicare *from page 1*

the final regulation is expected in the fall. The proposed cut comes on the heels of years of pay freezes and minor increases.

About 45% of physicians surveyed by the American Medical Association in February and March of this year reported that they would either decrease or stop seeing new Medicare patients if Medicare payments were reduced by 5% in 2007. The AMA surveyed more than 8,000 physicians, including both members and nonmembers.

That trend has already begun in some communities. Dr. Michael McAdoo, a family physician in Milan, Tenn., who works in a four-physician practice, stopped taking new Medicare patients about 3 years ago. "We saw this coming," he said.

Now, with potentially deeper cuts on the horizon, he is considering stopping his hospital coverage and has begun limiting the number of Medicare patients he sees each day. In Milan, a town of about 10,000, there is only one physician in the community who is still accepting new Medicare patients. "I anticipate this will probably get worse," Dr. McAdoo said.

Over time, there will likely be access to care problems in rheumatology as well, said Dr. Michael Schweitz, vice president of the Coalition of State Rheumatology Organizations and a rheumatologist in West Palm Beach, Fla. He has already started to hear about physicians who are not accepting new Medicare patients, though the practice is not widespread, he said.

And for physicians who care for a large number of Medicare patients and aren't willing to limit access, the cut will mean a significant drop in their take home pay, Dr. Schweitz said.

The cuts are especially tough on general internists and other primary care physicians who already face difficulty in recruiting young physicians to their practices, said Dr. Yul Ejnes, an internist in Cranston, R.I., and chair of the board of governors of the American College of Physicians.

Many physicians have been willing to continue to see Medicare patients despite the falling reimbursement rates, Dr. Ejnes said, but lawmakers can't count on that indefinitely.

In his practice, about 20%-30% of his patients are Medicare beneficiaries, so Dr. Ejnes said he expects to see an impact on his bottom line due to the projected cuts. The impact could be greater if private insurance companies that tie their payments rates to Medicare choose to lower their payments at the same time.

The cuts are also likely to result in access issues beyond Medicare beneficiaries, he said. For example, if a physician has to cut back on staff because of Medicare payment cuts, that will affect all patients. And if a physician chooses to retire early, that affects thousands of patients who have to seek care elsewhere. "The impact is on the system as a whole," Dr. Ejnes said.

The proposed cut comes just a few weeks after CMS officials announced plans to change the way Medicare pays for evaluation and management services, with physicians who provide more cognitive services getting a bigger piece of the Medicare pie. But those increases to primary care physicians are likely to be nearly wiped out by the projected payment cuts based on the sustainable growth rate (SGR) formula.

And for specialties in which physicians are expected to experience cuts based on the proposed changes to the way Medicare pays for evaluation and management services, the latest SGR cut compounds the problem.

For example, Medicare payments to cardiologists could drop by about 7% next year, due to the 5.1% proposed fee schedule cut plus a proposed 1% decrease in work and practice expense relative value units for 2007, and a 1% decrease based on the implementation of imaging provisions in the Deficit Reduction Act of 2005 (DRA).

> **Those who don't restrict access may have to shorten visits. 'That tends to work against silent diseases.'**
>
> DR. HELLMAN

While the impact will vary among individual cardiologists based on the mix of services provided, practices with a high volume of imaging services are likely to see overall payment cuts of more than 7%, according to the American College of Cardiology.

The AMA called on Congress to stop proposed 2007 payment cut and begin to reimburse physicians based on the actual cost of providing care. AMA officials estimate that without a change to the current payment formula, Medicare payments will be cut 37% over the next 9 years, while at the same time practice costs will rise 22%.

Medicare physician payment rates are set annually based on a statutory formula. That formula adjusts the Medicare Economic Index based on how actual medical expenditures compare with a target rate—the SGR. The SGR is based in part on medical inflation, the projected growth in the domestic economy, and projected changes in the number of Medicare beneficiaries.

While there has been legislation introduced in Congress this year aimed at changing the formula that calculates physician payments under Medicare, a permanent fix to the payment problem is unlikely this year, said Dr. Larry Fields, president of the American Academy of Family Physicians.

In addition to the 5.1% payment cut, the CMS proposal also seeks to expand coverage for some preventive services.

For example, the proposed rule would implement the provisions of the DRA that call for making abdominal aortic aneurysm screening a Medicare-covered preventive service. The benefit would include a one-time ultrasound screening for beneficiaries who seek the "Welcome to Medicare" physical, along with education, counseling, and referral services.

The CMS proposed rule would also implement other provisions of the DRA which call for exempting colorectal cancer screening from the Part B Medicare deductible. ■