New Congress May Mean Health Policy Changes

Fixing the Medicare physician payment system and helping the uninsured are likely to be on the agenda.

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Publication Editor

The changes in leadership brought about by the November mid-term elections are likely to result in significant shifts in the way Congress approaches health policy issues, according to several experts.

One change many physicians are hoping the new Democratic leadership will make is to fix the Medicare physician payment formula. Under the current payment formula, physicians are facing a 5% payment cut in January. "For the immediate future, we are asking that they cancel the cut and give physicians a positive [payment increase] to reflect inflation, which is slightly over 2%," Dr. Cecil Wilson, chair of the American Medical Association (AMA) board of trustees, said in an interview at press time.

Such an immediate fix would not address the underlying problem: that the physician fee schedule relies on the flawed sustainable growth rate (SGR).

"Congress needs to do a permanent fix to this problem," said Dr. Wilson, an internist in Winter Park, Fla. "We will be working very hard on that for this coming year, to ask that they get rid of this formula and move to one that reflects the increased cost of providing care."

Ron Pollack, executive director of Families USA, a liberal consumer group based in Washington, thought the new Congress would look at the payment formula.

"I think the Democrats probably do want to deal with that—whether it will be on a year-by-year basis or on a more permanent basis, I don't know," he said in an interview. "But I do think the Democrats are inclined to get that fixed."

Malpractice reform could be another story. "The one and perhaps only way that issue is going to move forward will be if there is significant compromise," he said.

"[The strategy of] placing caps on damage awards probably makes it difficult to move this forward. On the other hand, to the extent that alternative conflict resolution systems are established that substantially reduce litigation and provide more people with access to grievance mechanisms short of legal proceedings, that certainly has a chance of movement."

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Michael Cannon, director of health policy studies at the Cato Institute, a libertarian think tank in Washington, stated malpractice reform "is not going anywhere and that's a welcome development, because the Constitution doesn't give Congress any authority to play any role in that area," he said. "The Republicans never recognized that, but the Democrats, in this instance, are in favor of letting the states deal with that issue, and they are not interested in any federal malpractice reforms."

Covering the uninsured is another area that the AMA hopes will move to the front burner under the Democrats, Dr. Wilson said. "We now know that [the uninsured] are more likely to get sicker and die sooner" than those with insurance, he said. "We'll be trying to increase the visibility of that problem."

One definite health care priority for Rep. Nancy Pelosi (D-Calif.), who will become Speaker of the House in January, will be to get rid of a prohibition in the Medicare prescription drug coverage law that bans the Centers for Medicare and Medicaid Services from negotiating prices directly with pharmaceutical companies. "We can and we must make the Medicare prescription drug plan fairer and more cost effective," Rep. Pelosi said in a statement.

Removal of that prohibition would be a welcome change, according to Mr. Pollack, of Families USA. By bargaining directly with drug companies, the Department of Veterans Affairs "has achieved much lower prices than the lowest prices charged by all Medicare Part D plans," he said in a statement, noting that the median price difference was 46%.

Cato's Mr. Cannon had a different take. "Democrats are attracted to price controls because it allows them to provide a benefit for current generations through lower cost drugs, while imposing a cost on future generations, which is fewer new drugs being developed" due to declining revenues for drug companies, he said.

Another thing the Democrats will consider doing with the Part D plan is to close the doughnut hole—the gap in coverage beneficiaries have when their drug bills exceed a certain amount. Rep. Pelosi has said she plans to do this using the savings achieved through letting Medicare negotiate drug costs directly. Analysts are anticipating a new direction in health policy in the new Congress because the presumed new chairs of the committees and subcommittees dealing with health care are considered quite liberal.

This group includes Rep. Charles Rangel (D-N.Y.), expected to head the Ways and Means Committee; Rep. John Dingell (D-Mich.), expected to head the Energy and Commerce Committee; Rep. George Miller (D-Calif.), expected to head the Education and Workforce Committee; and Rep. Fortney H. "Pete" Stark (D-Calif.), expected to head the Ways and Means health subcommittee.

"It's going to be very interesting to see how these folks approach health care," said Mr. Cannon, noting that Rep. Dingell has introduced legislation for a single-payer health care system every year since 1955. "We will see if they just try to go for moderate Democrat ideas ... or if they really follow their hearts and try to kill health savings accounts, or launch some sort of Clinton-like initiative that aims to provide coverage for everyone. They're not moderates, and they're not shrinking violets. They don't seem like the kind who are going to take orders; they seem to want to run their own show."

The upcoming reauthorization of the State Children's Health Insurance Program (SCHIP) is one example of legislation the Democrats could put their stamp on, according to Mr. Pollack. SCHIP is a program financed by both the federal government and state governments which provides health insurance to children in families with incomes too high for Medicaid but too low to be able to afford private insurance coverage.

"Due to its broad, bipartisan support, SCHIP no doubt will be reauthorized," he said. "However, since approximately 9 million children continue to be uninsured, the real question before the Congress is whether the reauthorization process will expand health coverage and provide adequate SCHIP funding for those children who don't have coverage and whose families can't afford it. A simple reauthorization will be a major disappointment." ■

Upcoming Part D Program Targets Top Prescription Fillers

BY MITCHEL L. ZOLER
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PHILADELPHIA — Starting next year, Medicare Part D will feature a new wrinkle in the drug insurance program: medication therapy management.

A medication therapy management (MTM) program was mandated for 2007 by the Centers for Medicare and Medicaid Services (CMS) for selected Medicare beneficiaries who are participating in Part D coverage. MTM programs are targeted to beneficiaries who have multiple chronic diseases, use multiple medications in Part D, and have anticipated Part D costs for 2007 of more than $4,000, Mary Dorholt said at a conference sponsored by the American Society on Aging. The program, as it's currently structured, will apply to about 3% of Medicare beneficiaries who enroll in Part D, said Ms. Dorholt, vice president for Medicare client support at Medco Health Solutions Inc. in Maple Grove, Minn., a sponsor of Part D coverage.

The minimum criteria for beneficiaries to qualify for a MTM program involve having at least five chronic conditions, including at least two conditions from this list: hypertension, elevated serum cholesterol, heart failure, diabetes, or chronic obstructive pulmonary disease. Beneficiaries also need a history of claims for at least six different medications covered under Part D. But the CMS policy also states that Part D sponsors can lower their eligibility standards so more beneficiaries qualify for their MTM program.

Medco has developed a profile of the anticipated chronic diseases that will occur in beneficiaries who qualify for their MTM program. The most common illness is hypertension, Ms. Dorholt said.

Although CMS requires that Part D sponsors offer an MTM program next year "to ensure that covered Part D drugs are appropriately used to optimize therapeutic outcomes" and to reduce the risk of adverse drug effects, the specifics of each program has been left to each Part D sponsor. The program that Medco created is designed to educate beneficiaries on the importance of compliance, identify and help eliminate barriers and risks from drug therapy, review important health and safety issues, and find opportunities for reduced costs by increased use of generic drugs and providing medications through the mail.

The essence of the program is to "talk to patients and help them understand why they are taking their drugs and how to take them correctly," Ms. Dorholt said.

Although individual beneficiaries will not pay for the MTM programs, they are required to enroll. A challenge for Medco will be to educate beneficiaries that the service is free and to encourage their enrollment, Ms. Dorholt said. ■